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THE EUROPEAN ECONOMIC COMMUNITY *

DEAN'S DAY is an appropriate moment for looking back over the history of this great University, and I believe I am right in thinking that its origins can be traced back at least as early as 1754. In other respects, too, that year was significant, for it was in June 1754 that the Albany Congress met to consider one of the key documents of American history, Benjamin Franklin's project for North American union.

We all know, of course, that that project was rejected, and that with its rejection the cause of American unity faced one of its first crises. But we all know, too, that with hard work and dedication and skill and perseverance the cause of unity was revived. In time, the Albany Plan led to the Articles of Confederation. In time, the Articles of Confederation led to the Federal Constitution of the United States.

Just two hundred years after the Albany Congress, another cause faced another crisis. That was in 1954. The cause was the cause of European unity; and the crisis was the failure of the European Defense Community (EDC), the project for a truly European army within the North Atlantic Treaty Organization. And yet, despite this crushing setback, the cause of unity was once more revived. Twenty-three years elapsed between the Albany Congress of 1754 and the Articles of Confederation adopted in 1777. But only three short years intervened between the failure of EDC in 1954

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and the conclusion in 1957 of the treaties establishing Euratom and the Common Market. With scarcely a pause, the drive towards European union went on.

If I recall these facts now it is not just for the luxury of looking back. Today, the European Community is very much in the news, simply because it has once more had to face a crisis in its development. For this very reason it may be useful to remember the battles of long ago, not in order to relax into a kind of facile historical optimism, but to help us face our problems with both clarity and courage.

I am sure that I need not dwell on the events of recent weeks. I need not remind you that on January 29, 1963, the negotiations for Great Britain's membership in the European Economic Community had to be suspended, in circumstances which everyone knows. The repercussions of this event were threefold: first, on the specific question of Britain's relations with the Community; secondly, on the life of the Community itself; and thirdly, on the prospects for Atlantic partnership.

If I mention these three aspects of the situation, and if I take them as points of reference for what I have to say, it is not because I wish to make the present crisis the subject of my remarks. The crisis, in fact, is something that will pass. It is not the first setback that the European cause has encountered, nor will it be the last. What I wish to speak about is something more concrete, something that must and will endure. That is—European unification itself, in the real and concrete form of the European Community, which is and remains its only true expression.

In saying this, I do not mean to evade the issue or to take refuge in a purely abstract and theoretical discussion. For that reason, I should like to focus upon the European Community the light cast by the present crisis, which in many respects throws the Community's contours into sharper relief. In particular, I believe that that light reveals its dynamic character. For the European Community is not something static, or something readymade; it is a process of continuous creation. It is a policy, an endless series of questions and answers, of continual challenges and responses. What, in concrete detail, does this mean?

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I

First, let us look at the British aspect of the problem. By the time of their suspension, the negotiations with Great Britain had been going on for more than fifteen months. Personally, I do not believe, even now, that the time was wasted. The problems and difficulties involved were real and fundamental, not imaginary or temporary; and the progress made towards solving them may yet prove useful in the future. They were not, that is, problems which somehow arose from any lack of ability on the part of the negotiators, nor were they due to some supposed "inward-looking spirit" on the part of the Community. They arose, in fact, from the nature of the Community itself; and that is why the negotiations helped shed light upon what the Community is. This was true in both the economic and the political sense. In the economic sense, it was true of the customs union and of the economic union that form the Common Market. In the political sense, it was true both as regards the Community's place in European politics and as regards its nature and its dynamic.

Let us take the economic questions first. It has been said more than once that a customs union—which is the basis of the Community's Common Market—logically involves economic union also. To enjoy the full benefits of a customs union, one must abolish not only the classical barriers to trade among its members, but also less obvious distortions and restrictions of competition. If the movement of goods is to be freed, so must current payments; if the result is to be the more economic relocation of resources, investment capital and manpower must be liberalized, too. With free movement of goods and of the factors of production, common rules of competition must be applied; and separate national policies in many fields—social, economic, and monetary—begin to make less and less sense. Branches of the economy where competition alone is insufficient must likewise be subject to common policies—to coordinate transportation, to aid and modernize farming, or to develop backward areas.

Economically, therefore, the Common Market involves a customs union and an economic union. Clearly, it is much

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easier to spell out beforehand the details of the former than of the latter. In the Common Market Treaty, the customs union provisions are the most concrete and specific. It was perhaps no coincidence that with the exception of some largely technical aspects of economic union, the greatest progress in the British negotiations was made on questions arising out of the customs union. The chief problem here for Great Britain was to find a way of moving out of the Commonwealth preference system into the system of a customs union with her European partners—since a customs union is clearly incompatible with a preference system.

It was a question, then, of Britain's gradually applying, in place of her preferential customs tariff, the common external tariff of the Community as a whole. In the event, various timetables were agreed to enable her to do so at various speeds to suit the Commonwealth countries concerned. The only stipulation was that by 1970 all exceptions should have ceased.

What was significant, however, was that even these agreements, on the application of the customs union, also involved economic union. After all, there have to be two sides to every negotiation. On her side, Britain agreed to phase out Commonwealth free entry into her market. In return for this, her Community partners agreed to commit the enlarged Community as a whole to future consultation, and even to trade negotiations, with the Commonwealth countries affected. This in itself tells us something about the basic principle underlying the Community, for what it meant was that on the one hand Britain was renouncing any special position not shared by other Member States, while on the other the Community as a whole was acknowledging shared responsibility for what had previously been individual national problems.

Obviously, such a process is not always easy. It proved hardest in one special field of economic union, the field of domestic agriculture, where the British farm support system had to be adapted to the Common Market mechanism. There is no point in raking over the ashes of a spent controversy, especially since some hints of a solution began to emerge before the end. But nothing more clearly shows that in this case "economic union" was also a burning political

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subject. So was the whole negotiation. So is the Community itself.

In this second, this political sense, too, the negotiation helped shed light upon the nature of the Community. Already it is clear that with such a degree of economic union as the Common Market involves, what is really being achieved is political union in the economic field; for what is being integrated is not the action of businessmen or trade unionists, but the role of national governments in fixing the framework within which such action takes place. The acceptance of this process requires a high degree of political commitment. It requires a commitment to a whole new system in European politics, a system which has turned its back resolutely upon the past.

At the end of World War II, the peoples of Europe, victors and vanquished alike, faced two essential and parallel tasks. The first was to recover from the economic bankruptcy into which war had plunged them; the second, even more fundamental, was to find a way out of the calamitous political bankruptcy of the old order in Europe—the order based upon the balance of power. This, as a member of the European Parliament described it recently, was the old system of coalitions which sought to group the last vanquished power and some other weak elements against the newly victorious power. The whole balance of power, indeed, took as its hypothesis the continuance of wars in Europe. Now, the bankruptcy of this balance of power system, for the second time in a generation, had involved the world in war. Europeans of every shade of political opinion were determined that it must never happen again.

To help Europe recover from her economic bankruptcy, the United States made the unprecedentedly generous offer of Marshall Aid: out of it arose the Organization for European Economic Co-operation (OEEC). To find a way out of Europe's political bankruptcy, the first expedient was the Council of Europe. But while the OEEC did much valuable work in the field of intra-European trade and payments, it was not designed as a political organization; and the Council of Europe, despite its all-embracing terms of reference, had practically no power. Small wonder that for

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several years there was a growing sense of frustration among Europeans, a growing sense that the fundamental task, the political task of transforming the old order, was not being tackled at all.

The turning point came on May 9, 1950, with the famous Declaration made by the French Foreign Minister, Robert Schuman. At a time like the present, it is salutary to look back on what can now be seen as a kind of founding charter for the European Community. It led not only to the creation of the European Coal and Steel Community in 1951, but also to the establishment of Euratom and the Common Market six years later. Its simple but profound principles still lie at the root of all our efforts today.

First, the objective was peace. "For peace to have a real chance," it said, "there first must be a Europe." To achieve this would require, in Monsieur Schuman's words, "the elimination of the age-old opposition between France and Germany" as the beginning of a "European federation." But these, in turn, were long-term aims. "Europe," said Schuman,

> will not be made all at once, or as a single whole: it will be built by concrete achievements which first create *de facto* solidarity. . . . This transformation will make possible other joint actions which have been impossible until now. . . . Thus will be realized, simply and rapidly, the fusion of interests which is indispensable to the establishment of an economic community; thus will be introduced the germ of a broader and deeper community. . . .

What Schuman proposed, in brief, was to substitute for the balance of power the progressive fusion of interests. This would enable Europe once more to stand on its own feet, both economically and politically. It would meet the challenge of size that faces all of us in the present stage of modern technology. It would give Europe the power to act and to play its part in the building of a better world. Above all, it would be a decisive rejection of an old, precarious, and unstable system which had led to such destruction and misery.

The fundamental change that the European Community represented, therefore, was a reorientation of European politics. That is why Great Britain's application for mem-

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bership in the Community was such a remarkable sign that her own fundamental attitudes had been transformed. In the past, Britain had played an honorable and often valuable role in helping to maintain the balance of power. In the early postwar years her reaction to those bids for European unity that went beyond mere cooperation had been hesitant, to say the least. Now, her government had put all hesitation behind it. In place of the balance of power, it was prepared to accept the fusion of interests, the pooling of resources and problems, and full participation in the great task of unity.

This was a very profound change, and like all such changes, it was profoundly difficult. The difficulty was increased, moreover, by a second political aspect of the Community which again the negotiations helped to make clear. I have said that the Community represents the fusion of interests, but a further important characteristic is that that fusion is progressive.

By its very nature, therefore, the European Community must be an ever-growing, ever-developing organism. And this, of course, makes negotiation with it extremely difficult. Mr. Heath, I believe, expressed it neatly by saying that negotiating with it was rather like negotiating on a moving staircase. Always, that is, we had to look ahead to what the Community was going to be rather than what it was; always, we had to try to solve all our future problems at once—at least as an intellectual exercise—in order to accommodate future British membership. No wonder, then, that the negotiations were sometimes tough. But the difficulty until the very end lay in the facts of the situation themselves. That is why I said earlier that the progress made in solving the various problems may yet prove useful in the future.

When the negotiations were suspended, in fact, it could not fairly be said either that they had already failed on technical grounds or that they were already on the verge of success. There is no need to conclude from the negotiations themselves, therefore, that future British membership has been proved to be unworkable: far from it.

To this subject I shall return. For the moment, however, I should like to consider the second aspect of the problem, the lessons of the present crisis as regards the inner life and structure of the Community itself.

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II

From what I have already said it follows that we must not regard the European Community as simply a new power bloc or a new coalition. It is not, in my view, just the magnification of nineteenth-century nationalism to a more than national scale. It is the embodiment of a new method and a new approach to the relations between states. This method is not merely international, nor yet fully federal; but, while it is not some brand of "Instant Federalism," it is an attempt to build on a federal pattern a democratically constituted Europe. Essentially, the Community may be described as a federation in the making.

It was to assist and guide this process that the Schuman Declaration called for the establishment of common institutions of a kind fundamentally unlike those of a traditional international organization. The essential feature of these new institutions is that alongside organs which represent the national interests of Member States as such, there are further organs which are independent of national states and which have sole responsibility to the Community as a whole. These institutions express what one might call, to borrow a legal term, the "personality" of the Community as such.

In the European Economic Community, the executive body is the Commission, whose nine members, once appointed, are independent and forbidden to solicit or accept instructions from the Member States. Perhaps the word "executive" requires elucidation, for the Commission's true role is really threefold. First, it has the task of drawing up proposals to be decided by the Council of Ministers. In this sense, it somewhat resembles a United States administration presenting bills to Congress. Secondly, it has the duty of watching over the execution of the Treaty and, if necessary, calling firms and governments to account. Here it perhaps resembles a federal regulatory agency. Finally, it has the role of mediator in the Council between the national governments. In this respect it recalls once more a United States administration seeking to reconcile the interests of the states.

The second Community organ is the Council of Ministers. This comprises a minister from each national government,

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but its proper role is more than that of a mere international conference in quasi-permanent session. Indeed, Chancellor Adenauer once said of the Council of Ministers of the Coal and Steel Community that it was not even "a Ministerial Council such as we know them in the conferences of international organizations. It is," he said, "an element organically included in the new supranational European Community." This fact is well shown by the Council's voting system, which allows both simple and qualified majority decision, and progressively eliminates the veto. What is more, unless the Council is unanimous it cannot modify a proposal from the Commission; and the actual rules for forming a qualified majority are dependent upon whether or not there is a Commission proposal—thus involving the Commission in the work of the Council, and in effect almost giving it a vote there.

These twin bodies—neither is subordinate to the other—jointly form the decision-making agency of the Common Market. But they are not alone. All decisions and actions on the part of the Community are subject to appeal to the Court of Justice, just as in the United States federal actions are subject to appeal to the Supreme Court. Our Court is composed of seven judges chosen for their indisputable eminence and independence; no one has ever yet defied their rulings, which are fully binding throughout the territory of the Member States.

Last, but by no means least, is the European Parliament, composed of 142 parliamentarians at present elected by and from the national parliaments. Through its standing Committees, its written questions, and its plenary debates, the Parliament keeps a close watch on the doings of the Council and Commission; and its healthy inquisitiveness is backed by the power to vote the Commission out of office on a motion of no confidence.

What emerges, then, from this whole institutional structure? First, that there is a Community interest independent of the interests of the national states, even in cases where they still enjoy the power of veto. Secondly, that as a result decisions are not to be reached within the Community by a process of traditional horse trading or mutual blackmail or by the formation of power coalitions. Instead, the Treaty

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sets up an elaborate but effective system of checks and balances to aid the fusion of interests. In this sense, the Treaty is a veritable constitution. Thirdly, that all the Community's actions are subject to the rule of law, as embodied in the founding Treaty and in the basic principles of Western jurisprudence. Finally, and most important of all, that the Community's structure—its constitution—however imperfect it may still be, is democratic, open to inspection and criticism, and in the last resort subject to the consent of the Community's peoples and their elected representatives.

There is, of course, a further corollary. Since the Community is a developing organism, there are of course limits upon its sovereign powers. It is only, I repeat, a federation in the making. Moreover, it is still in the course of its transition towards the full Common Market. All of this means that there are still a number of questions on which a national veto remains possible. Of course, a number of others are already subject to majority voting, and more and more will become so. Thus, for example, from 1966 onwards, no single Member State will be able to veto tariff reductions negotiated with the rest of the world. But some questions—and the admission of new members to the Community is among them—will always require unanimity. On these questions there will always be the legal possibility of a national veto. The only question is how it should be used.

As I have said, one essential principle of the Community method is that its members acknowledge a shared responsibility for their problems. This shared responsibility, which might be called the Community interest, still exists even where unanimity is the rule and where a veto is technically possible. That is why, in my view, it is essential that any veto be wielded in what one might call a constitutional way. Otherwise, one risks creating a crisis of confidence, a constitutional crisis.

The question of the veto, finally, is often confused with the question of hegemony. But a moment's reflection should be enough to show that these questions are distinct. A veto can obstruct something, but it cannot readily impose the adoption of a common policy; it is negative, not positive.

But this does not mean that the question of hegemony is

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not important. From what I have said already it should be clear that the Community is the very negation of hegemony, of domination by a single power, or, indeed, of any such form of nationalist politics. The constitution of the Community, indeed, is the organized and methodical rebuttal of hegemony; it is the contradiction of the old system of coalitions used as the instrument of national diplomacy. It is no coincidence that the reaction of recent weeks has been sharpest in the smaller countries of the Community; it is they who have, perhaps, the greatest reason to see in the Community system their guarantee of a fair share in the discussion and shaping of the Community's destiny. Here, too, recent events have helped to make plain the difference between Community politics and the politics of the past.

III

So much, for the moment, as regards the internal or constitutional repercussions of the crisis. But how do these questions fit into the wider international context? What light does the crisis cast upon the third aspect of the problem? What are its effects on the prospect for Atlantic partnership?

As regards the repercussions on Great Britain, the *fact* of the negotiations' having been suspended perhaps has bulked most largely; as regards the Community, it is, perhaps, the *way* in which they were suspended. But as regards Atlantic problems, the most crucial question raised by the suspension of the talks is that of its *motivation*, real or imputed.

When I say "real or imputed," it is a reminder that in almost all the utterances on this subject, by statesmen on both sides of the Atlantic, there has been some degree of ambiguity or uncertainty. This is inevitable, in fields where we are all, quite frankly, only groping our way towards solutions to the most immense and complex problems of our time. But if there is one respect in which the present crisis may even ultimately be seen to have been salutary—and I am not denying its gravity or its danger—it may be insofar as it impels us to think through our problems and dispel some of the ambiguity.

To do so, I think, we must see them in their context.

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From the first, United States administrations of both political parties have constantly supported the unification of Europe, in what can only be called a magnificent and sustained policy of Atlantic solidarity. Marshall Aid, the OEEC, and NATO were the first concrete expressions of this policy. Through the OEEC, America and Canada permitted to Europe special economic and trading privileges which gave her a chance to recover from the effects of World War II. With that recovery accomplished, however, the OEEC remained but a weak basis for unity in Europe; as a basis for Atlantic solidarity it was even weaker. This was so not only because, until it was transformed into the OECD, America and Canada were in it only as observers and not as full members, but also because its European members were not yet united and so could not speak on equal terms with their partners across the Atlantic.

NATO, for somewhat similar reasons, has encountered difficulties in the past. Its fundamental logic is that of a traditional alliance; so, too, is much of its formal structure. But owing to the fact that one of its members is very much more powerful than any of the others, the Alliance has always required from that member a very high degree of responsibility, and from its fellow members a very high degree of confidence and trust. This grave responsibility has been ungrudgingly borne, but in the context of thermonuclear strategy, the strains of this situation are bound to be very great. Short of full disarmament, the problem has been how to spread the responsibility and how to increase mutual confidence and trust.

With the gradual appearance of a Europe progressively more prosperous and more united, this problem has undergone a change. As European countries have emerged more and more from a state of economic dependence, it has been natural for them to desire a greater say in the affairs of the Alliance. As Europe moves towards greater political unity, it is equally natural for her to move towards unity in the field of defense. The question that arises is whether these two problems might not be solved together, and whether this in itself might not also solve the twin problem of spreading responsibility and increasing mutual trust.

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In the field of conventional defense, EDC was a first attempt to meet this challenge. It failed, but not because it in any way conflicted with the Atlantic Alliance. Today, similar questions are being debated in the context of nuclear defense. One hardly needs to be reminded of the now well-known speech made in Copenhagen last September by Mr. McGeorge Bundy. In it, he alluded to the possibility of the United States' not being opposed to a European nuclear force, if it were genuinely unified and multi-lateral and effectively integrated with what he called the necessarily predominant strength of the United States in the whole nuclear defense of the Alliance.

Since Mr. Bundy spoke, events have moved rapidly, and they are still moving. The technical complexities of the whole problem are outside my present purpose, but what is relevant is the political orientation which this question gives to the nature of the Atlantic relationship in other fields. Put crudely, the issue resolves itself into the following dilemma. Given a fully united Europe, should it be a so-called "third force"? Should it be integrated—some would say "dissolved"—into a so-called "Atlantic Community"? Or should it form with the United States and others a so-called "Atlantic Partnership"?

These, as I see them, are broadly the three options that face us. Hitherto, discussion of them has been somewhat obscured by the ambiguities I mentioned earlier. Now at least we have a chance of reaching greater clarity.

If by a "third force" is meant a force outside the Western Alliance, seeking to perform a balancing act between the world's great power blocs, then it is true to say that none of the present Member Governments of the European Community has publicly endorsed such a policy. Indeed, according to a recent public opinion poll in the six countries, the vast majority of their citizens overwhelmingly reject this notion. So do I.

If by an "Atlantic Community," on the other hand, is meant a Community of a federal pattern, similar in aims and structure to the European Community, then I think we must face the inescapable fact that this ideal, noble as it may be, is very far from realization. It is true that the principle

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of NATO is that defense is indivisible; and it may be that in certain fields hard military facts may compel a more rapid political evolution than we can now envisage. But the notion of a Community, as I have tried to show, is one that involves the pooling of sovereignty in innumerable, detailed, intimate matters of a whole society's life. It means subsuming the personalities of Member States within the larger personality of the Community itself. So far as one can now see, there is no evidence that such a process is yet conceivable on an Atlantic scale.

We are left, then, with the third option, that of "Atlantic Partnership." This, as I understand it, is the choice not only of Europeans but also of the American government. It seeks to put in place of a system which harnesses one giant with a number of comparative dwarfs a new system which joins in partnership—in consultation and competition, too—twin units which today are already comparable and which one day will be equal. If, in time, this should make possible an "Atlantic Community," that would be a further question to consider. But for the foreseeable future, partnership remains our ideal.

IV

I promised at the beginning of these remarks that I would not make them wholly abstract or theoretical. Let me conclude, therefore, by looking at some of the practical conclusions that can be drawn from the principles and the ideals that I have tried to set forth. Here, too, I should like to deal in turn with the three aspects of the problem that I mentioned: Great Britain, the Community, and the Atlantic partnership.

First, then, Great Britain. It should be clear from what I have said that I cannot regard the suspension of the negotiations as the end of a chapter, or, at least, as the end of the book. Speaking for the Commission of the European Economic Community, I can find no more fitting words than those of our founding Treaty to express our unanimous belief that the Community must be an open Community. In the Preamble to the Treaty its signatories call upon "the other peoples of Europe who share their ideal to join in their

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efforts to strengthen the safeguards of peace and liberty" by laying "the foundations of an ever closer union among the European peoples." That is our aim; that remains our aim.

It is all very well, of course, to quote noble and historic words. What must be done to ensure their eventual fulfillment? I say "eventual" deliberately, for it would in my view be nourishing a comfortable illusion to believe that the negotiations with Britain, now suspended, could be taken up again tomorrow. Here, too, we must face facts; and the first fact is that for the moment it is very much easier to see what should *not* be done than it is to see how we could retrace our steps.

In the first place, I am sure, we must resist the temptation to indulge in sterile recriminations. Our purpose is not to bicker over the past, but to fight for our own ideals in the future. Secondly, just as the British government has pledged itself not to turn its back on Europe, so our own ideals and principles demand that we should not turn our backs on Great Britain. We for our part must do nothing to discourage that great movement of British opinion that I have described. In practical terms, it may be possible to intensify existing diplomatic contacts between the British government and the Community institutions—without, of course, being able to establish a kind of veto from outside.

To say this, finally, is to issue a warning against hasty solutions that are not real solutions or solutions so ambitious as not now to be practicable. But above all we must beware of reverting to old conditioned reflexes that are out of place in the world of today. We must refuse to return to power politics, or to balance of power politics, for this would be the very negation of all the Community stands for.

What I have said about Great Britain also applies, secondly, to the Community itself. The first thing to make clear, that is, is what should *not* be done. It is my own belief, based upon what I have said already, that the worst course we could follow would be ourselves to forsake the Community method and revert to those older methods of hegemony, coalition, reprisal, and blackmail that so many Europeans so rightly reject. This does not mean, on the other hand, that we should allow ourselves to be subject to them; nor does it

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mean that we should be hypnotized or paralyzed by what has occurred. What is past is past. We have to go forward. How?

It may seem banal, or even paradoxical, but I believe that the answer is that we must pursue the implementation of the Rome Treaty as best we can. History is on our side. When I say this, however, please do not misunderstand me. I am not pleading for "business as usual." I know that our work will be very much harder in the months to come. What I am pleading for is the gradual, dogged, determined accomplishment of our original aims: the transformation of the old nationalist Europe, the fusion of interests, the creation of solidarity, the end of hegemony, the submergence of selfish ambitions, the death of suspicion and fear. To these goals there is one route already mapped out, although others may follow. That route is the Treaty of Rome. In pleading that we respect both its letter and its spirit, I am pleading for the European idea.

Finally, there is the question of Atlantic Partnership. What must be done here?

The first task, it seems to me, is to press ahead with the tariff negotiations made possible by the Trade Expansion Act, the so-called "Kennedy round." To pursue a liberal policy is more than just a choice for the Community; it is its duty, and it is an option already accepted four years ago, when our member states agreed to follow the Dillon negotiations with further reciprocal tariff cuts. Although the "Kennedy round" is no substitute solution for Great Britain, it may help to ease her problems, as well as those of other countries in a similar position. In this sense, it is more necessary than ever.

In preparing the "Kennedy round," we shall clearly have to study not only the balance of advantage, but also the less obvious barriers to trade apart from tariffs. How far shall we have to consider tax policies, purchasing policies, and the comparability of economic conditions generally—on both sides and in the interests of both parties? How far can we steer the negotiations wisely and generously, so as to benefit the needy countries as well as the rich?

Closely linked to these questions is the problem of world

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agriculture. Already, in the negotiations with Great Britain, we looked at the possibility of world commodity agreements. The need for them is no less now. What role can the Atlantic partnership play in their realization, in common with Great Britain and the Commonwealth? What should be their content? How can we avoid their obvious dangers? How can they be harmonized with our effects to give economic aid?

This last question again is a theme for Atlantic Partnership, for here, too, the emergence of a united Europe means the emergence of a partner who should be able to help the United States bear a burden whose weight is known and acknowledged everywhere. Nor is it only a burden in the financial sense. It is also an intellectual challenge to us to solve by our joint efforts the problems of the "terms of trade."

In the monetary field, in the general economic field, even in the field of pure politics and strategy, there are innumerable tasks in which a united Europe could and should work in closer partnership with the United States as well as with the countries of the Commonwealth. We have the tools: NATO, OECD, GATT (General Agreement on Tariffs and Trade), the IMF (International Monetary Fund); we have only to get on with the job. With the present crisis, our task has become that much more urgent.

V

If I close my review of our problems on a note that is determined rather than pessimistic, it is not just to make an oratorical flourish. I remember a story of Ibn Saud, the maker of modern Arabia. Once, he told an interviewer that when he was a young man, alone in the desert, he had met the Almighty, Allah. Allah, he said, had told him something which he had always remembered and which had inspired every action of his life. "What was it?" asked the interviewer. Ibn Saud was silent for a moment. Then he replied: "For me, everything is an opportunity—even obstacles."

True, we face obstacles. But if we can define their limits as I have tried to do, we may find that they have clarified our ideas and strengthened our resolve. And if there is one

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conclusion that I draw from the events of recent weeks, it is this: we need the European Community. We need it for Great Britain, for if she is one day to join it, there must be a Community for her to join. We need it for Europe, to replace an outworn system that has brought only disaster and ruin. Finally, we need it for the free world, as one pillar of the Atlantic Partnership that is the sole guarantee of our own continued freedom and the world's continued peace.

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IS THERE A WELFARE STATE? A REVIEW OF RECENT SOCIAL CHANGE IN BRITAIN *

I

THE origin of the term "welfare state," no less than its meaning, is already obscure. It has been traced back to the late Archbishop Temple, by whom it was apparently used by way of contrast with the "power state" of the dictators; and there seems to be evidence that it may have been actually coined in that sense in the nineteen thirties.[1] In 1952 it was adopted by the British Labour Party as the title of one of their political discussion pamphlets; but many of us still prefer, if we employ the term at all, to keep it within inverted commas, as Professor Titmuss did in his volume of essays on the "welfare state," [2] for many of us are still sceptical whether the question that I have posed in my title deserves an affirmative answer. Certainly, if by a "welfare state" is meant one which consistently gives priority to the welfare of its citizens over all other considerations, such a state is not to be found in Britain, nor probably anywhere else. Such a state would hardly allow the promiscuous advertisement and unrestricted sale of a commodity which there is reason to suppose may increase the risk of death from lung cancer as much as thirty-fold. Nor would a state which put welfare first allow manufacturers two years in which to dispose of their stocks of foodstuffs containing a substance the future use of which was to be prohibited on grounds of its possible danger to health.[3]

The British people themselves do not exaggerate the priority enjoyed by welfare. Half the mothers questioned in a recent survey concerned with "ordinary families" in England said that they had never heard the phrase "welfare state"—in

* Address delivered at the Second Annual Mary Williamson Harriman Lecture, Columbia University, April 30, 1962.

1 Maurice Bruce, *The Coming of the Welfare State* (London, 1961), ix.

2 R. M. Titmuss, *Essays on "The Welfare State"* (London, 1958).

3 Great Britain, *Parliamentary Debates* (Lords), February 6, 1962, cols. 8, 9, 10.

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spite of the fact that this is constantly used in the press and on radio and television. To those, however, to whom the term was familiar, it nearly always had a favourable connotation. As a London school keeper's wife put it, the welfare state means "looking after the welfare of the people. I think it's very good." [4]

To pursue questions of definition further would plainly be unprofitable. For present purposes we may accept the widespread assumption that the term has some peculiar relevance to my own country; and I shall accordingly try to unravel the significance in terms of welfare of the social changes of the postwar period, and more particularly of the past ten to fifteen years. Here we are faced with two strongly contrasted pictures, one of which, I think, is more generally accepted abroad, perhaps particularly in the United States, while the other circulates more freely at home. As portrayed in the first of these pictures, Britain is now a country where the state makes provision against all the ills that flesh is heir to on so lavish a scale as to undermine the ordinary citizen's own sense of responsibility towards himself and his family; where the Victorian virtues of prudence, thrift, and industry are at a discount, and where enterprise is neither free nor enterprising; where in consequence any remaining social problems are psychological rather than material—a community, to quote one critic, "with the most degrading political philosophy that has ever betrayed a country." [5] In contrast and as an illustration of the alternative image, I would quote from a review of Dr. Ferdynand Zweig's recent study of the *Worker in an Affluent Society*. Dr. Zweig, in the words of this reviewer, "presents the 'new working man' as a do-it-yourself, home-building and decorating, increasingly individualistic aspirant to the bourgeoisie, more concerned with respectability than with his mates, let alone his class." [6] This second picture, it may be thought, has a distinctly American colouring; whereas nothing could be more deplorably un-American than the first.

[4] Political and Economic Planning, *Family Needs and the Social Services* (London, 1961), 33, 34.

[5] Quoted in Bruce, 292.

[6] Ferdynand Zweig, *The Worker in an Affluent Society* (London, 1961), reviewed in *The Twentieth Century*, Winter 1962.

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II

That there has in fact been a remarkable rise in the living standards of large sections of the British working class in the postwar period is indisputable. In the past five years alone the average money earnings of male industrial workers have increased by nearly thirty per cent, which is about two and a half times as fast as the rise recorded in the retail price index. The change is indeed visible to the naked eye. Years ago when I paid my first visits to the United States, I used to marvel to see the cars of factory operatives parked outside the premises where their owners were working. Today a similar sight would cause little comment in some parts of Britain. Indeed Messrs. Abrams and Rose recorded in a 1960 survey that seventeen per cent of their working class respondents were already car owners, while as many as twenty-seven per cent owned, or were buying, their own houses.[7] It is significant, too, that in the latest revision of our official retail price index, which is weighted in accordance with prevailing patterns of consumer spending, such articles as roasting chickens, sherry, electric cookers, motor-scooters, and wrist watches are hereafter to be included for the first time.[8] Such things may be commonplace to the American worker; they are startling novelties to us.

The origins of this progress are not far to seek. Overwhelmingly the most important factor is the immense reduction in the risk of unemployment. This, more than anything else, is the dramatic social revolution of our time. To anyone who has lived through the nineteen thirties—when unemployment rose well over twenty per cent and an army of nearly three million men and women were looking for jobs, into the fifties and sixties, when the average total of registered unemployed has ranged from 232,000 to 475,000 and the unemployment percentage has declined to 1.7—the change is like a migration to another planet. To the younger generation on the other hand the Dark Ages of the twenties and thirties seem wholly incomprehensible. Equally dra-

[7] Mark Abrams and Richard Rose, *Must Labour Lose?* (London, 1960), 43.

[8] Great Britain, Ministry of Labour, *Parliamentary Papers,* Cmnd. 1657, "Report on Revision of the Index of Retail Prices" (London, HMSO, 1962), Appendix II.

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matic, too, are the indirect changes which follow from the decline and fall of the spectre of unemployment, and particularly from the consequential effects upon the unions' bargaining power. Today every worker, wage-earning or salaried, takes for granted that he will enjoy regular periodic increases in his rate of pay. The notion that wages can go down as well as up has come to be regarded as ludicrous—and with reason: for already two decades have passed since any entry has appeared in the Ministry of Labour's annual statistics of "Wage Reductions." Yet one has only to go back as far as 1930 to find the year's reductions in wages at an aggregate of £116,100 weekly well in excess of the total of increases at £59,500; and in 1921 reductions amounted to no less than £6,074,600 a week, while increases reached only the paltry total of £13,600.

Certainly, for the visible rise in the standard of living, it is the direct and indirect consequences of regular employment that we have to thank. Ample opportunities for employment, moreover, encourage those who might otherwise have withdrawn from the labour market to take up paid employment. This is significantly true both of married women and of elderly persons who retire from one job only to enter upon another. The expansion since the war in the employment of married women in particular, is remarkable alike in its economic and in its social effects. As a result we have now reached the stage where the single-earner family is the exception rather than the rule.

Altogether the facts are plain enough, and by no means peculiar to Britain. What is not so clear, to me at any rate, is how they came about. For the related revolution in economic theory, and the conversion of heterodoxy into near-orthodoxy, credit goes of course to the late Lord Keynes; but Keynes died before he could take responsibility for the practical execution of his theories in time of peace. How far what has happened since is the result of accidentally favourable economic circumstances or of the cold war on the one hand, or of skillful and deliberate policy on the other, has never been clear to me. It is indeed remarkable that no one group or individual has unequivocally claimed the honour of thus resolving a problem which baffled the

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whole of the nineteenth and the first half of the twentieth century. Human nature being what it is, this omission creates at least a suspicion that the role of accident must have been at least as significant as that of design. Suspicion is enhanced, too, by the fact that the secret has failed to travel even across the Irish Sea. Unemployment in Northern Ireland has constantly run at at least four or five times the level prevailing in Great Britain.

III

It must not, however, be assumed that the relative affluence of the British manual worker is evidence of a general equalising movement. Within the working class itself, the increase in the ratio of unskilled to skilled wages which has been a persistent feature of this whole century has certainly continued without interruption; and it is, moreover, widely believed in Britain that the relative position of the white-collar workers and higher salaried classes has been worsened in the postwar period. On this, however, the evidence is complex and not easy to interpret. I would myself judge that, within the field of earned incomes as a whole, a definitely equalising trend was apparent, at least until towards the end of the forties. Thereafter the old rule that to him that hath shall be given seems to have reasserted itself with some success, and many traditional relativities were restored by substantial salary increases at the higher levels. The persistence of inequality seems moreover to be even more pronounced in the pattern of incomes as a whole. On this we may note the Chancellor of the Exchequer's recent estimate that between 1950 and 1960 total wages rose by eighty-seven per cent, total salaries by 119 per cent, gross ordinary dividends by 145 per cent, and total company profits by seventy per cent.[9] Even if such total figures are but crude indications of changes in the distribution of personal incomes, the *prima facie* evidence does not support the view of the past decade as a period of conspicuous equalisation.

Indeed, it would seem that the concept of equality as a social and political ideal has faded almost into insignificance. Thirty-one years ago when the late Professor Tawney pub-

[9] Great Britain, *Parliamentary Debates* (Commons), February 13, 1962, col. 1099.

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lished his lectures on *Equality*[10] he might have been the chosen spokesman of the whole British labour movement. Today one may listen in vain for similar themes in the propaganda of the Labour Party. Nor do such themes appear to evoke any echo in the public mind, even though the traditional image of the Labour Party still lingers on. In a survey published in 1960 under the ominous title *Must Labour Lose?* Messrs. Abrams and Rose found that, whereas 89 per cent of Labour supporters thought that the Party "stands mainly for the working class," 75 per cent that it is out to help the underdog, and 55 per cent that it would abolish class differences, the proportions of the same group who regarded these objectives as top priorities for a contemporary political party were only 27 per cent, 11 per cent, and 15 per cent respectively. Priority in policy was given by much larger numbers of Labour supporters and Conservatives alike to such aims as making the country more prosperous and preventing nuclear war. With the emergence of a new type of British worker, it seems, traditional Labour attitudes and ideals are now regarded as inappropriate and outmoded. Yet, ironically enough, from the moment that the Labour Party accepted this influence and began to play down its traditional equalitarianism, it has persistently lost ground.

Something needs to be said, too, in this context, about our educational system; for this also, in fact, if not in the intention of its designers, now reflects the values of a highly competitive society. Theoretically, at any rate, the Education Act of 1944, which laid the foundations of the present structure, contemplated that after about the age of eleven every child's education should be differentiated in accordance with his particular bent of mind; and a threefold system of "modern" schools, technical schools, and grammar schools was designed for this purpose. That teachers and pupils alike in each type of school should enjoy equal prestige was a matter of principle, as implied in the slogan "parity of esteem" of which much was heard in the early postwar years. But that is not how things have worked out. Far

[10] R. H. Tawney, *Equality* (London, 1931).

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from enjoying parity of esteem those children who are not selected for grammar school education are now almost universally said to have "failed the examination." Only a very few purists like myself refuse to speak of "passing" or "failing" in a selection which purports only to indicate which of three co-equal types of schooling is most appropriate for a particular child.

The reason for this change of climate is simple enough. Socially and materially the advantages of a grammar school education are overwhelming. The grammar school is the road to the university and the university is the road to all the better-paid, high-prestige jobs. Hence the public has not been deceived by equalitarian pretences; and the result has been an intense competitive struggle for grammar school places. In this struggle, and more particularly in the later stages of educational competition, social as well as intellectual factors have played a part. Ten years ago it was found that two-thirds of the boys who were classified as in the top grade intellectually among grammar school entrants were the sons of manual workers. Such, however, were the social and economic pressures on these children that at the point of school-leaving the proportion had dropped to less than half; and in 1955 only about one quarter of the men and one fifth of the women entering British universities came from manual workers' homes.[11] The educational highway, admirably broad at the point of departure, has, at least until lately, narrowed sharply as it reaches the summit. In the past few years, however, the tendency to leave school prematurely has noticeably declined, and with the expansion of existing universities and the foundation of many new ones we may hope that effective road-widening operations will be undertaken along the whole length of the route. Meanwhile an increasing number of local education authorities are beginning to have second thoughts about the consequences of segregation at so early an age as eleven. With the growth (as in London) of comprehensive schools providing all types of education within a single institution, and with the adoption (as in many other areas) of more flexible methods of

[11] R. K. Kelsall, *Report on an Enquiry into Applications for Admission to Universities* (London, 1957), 9, 10.

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selection, the shadow of the eleven-plus examination broods less ominously than it did over the typical English home.

IV

The picture which I have presented of a competitive, prosperous society with a fully-employed well-paid working class, intent upon its personal affairs and ambitious for its children, but bored with equalitarian propaganda and indifferent to the class struggle, omits, of course, as much as it includes. To the omissions I shall presently return. But meanwhile it brings its own share of problems. First among these is the continuous inflation which constantly threatens to nullify the agreeable effects of regular work at regularly rising wages. Hitherto our attempts to cope with this inflation have been lamentably unsuccessful—even less successful, I would think, than those of our American cousins in comparable situations. But now at least we are beginning to take the matter seriously. On the day that I write these words we are supposed to be coming to the end of a pay pause, during which increases in wages and salaries have been officially discouraged, postponed, or refused. The discouragement has met with varying degrees of success while the postponements and refusals have been decidedly patchy; but such a pause is necessarily a clumsy, temporary expedient: you cannot get anywhere while you are standing still. What is remarkable is that this expedient is officially regarded as the first step towards a comprehensive income policy.[12] Hitherto, welfare state or no welfare state, Conservatives and Socialists, unions and employers have all been united in their acceptance of complete anarchy in the field of income determination. If I may quote what I have written elsewhere, all alike have been convinced, "if not of the divine right of collective bargaining, at least of the divine rightness of every individual collective bargain." [13] When, in 1955, I wrote that "the pattern of income distribution is essentially a political question. It embodies social valuations which affect the whole community," [14] I might as well have

12 Great Britain, Treasury, *Parliamentary Papers,* Cmnd. 1626, "Incomes Policy: The Next Step" (London, HMSO, 1962).

13 Barbara Wootton, *Remuneration in a Welfare State* (Liverpool, 1961), 7.

14 Barbara Wootton, *The Social Foundations of Wage Policy* (London, 1955).

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used a dirty word. Yet only seven years later a government White Paper appears under the title *Incomes Policy: The Next Step*. You may think as I do that the policy adumbrated is tenuous and ill-conceived. But the admission that such a policy is mentionable marks the first intrusion of the welfare state into one of the most sacred and hitherto the most closely guarded sanctuaries of the old order. The end of that adventure may yet prove far more revolutionary than is suspected.

My second problem is of a different order. It is the challenge posed by the continuous rise in the figures of criminality. In the light of their own experience, Americans will not, I think, lay the blame for this phenomenon mainly at the door of the social policies of the welfare state. Like so many other things, American crimes tend to be bigger and better than other people's. Nevertheless the failure of the welfare state to stem the rising tide of crime calls forth cries of pained surprise in Britain. In the opening words of a 1959 Government Paper,[15] "It is a disquieting feature of our society that, in the years since the war, rising standards of material prosperity, education and social welfare have brought no decrease in the high rate of crime reached during the war: on the contrary, crime has increased and is still increasing." One can hear the refrain just below the surface. "Will the lower classes *never* be satisfied?"

It is easy perhaps to be wise after the event. But certainly so far at least as crimes against property are concerned the tensions inherent in the contemporary Anglo-American pattern of society hardly encourage optimism. The implication that extreme poverty is a major cause even of crimes of dishonesty is not, and never has been, valid. The very poor seldom steal, any more than the hopelessly downtrodden take the initiative in revolution; nor is there any evidence that money ceases to be important when you have a little, or even a lot, of it. Quite the contrary. The temptation to push at a door which is already ajar may be irresistible when the idea of battering down one that is firmly closed might never arise. Certainly both the affluent society and the welfare state tend to create expectations which they

[15] Great Britain, Home Office, *Parliamentary Papers*, Cmnd. 645, "Penal Practice in a Changing Society" (London, HMSO, 1959).

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cannot fulfill, and then to pay too little heed to those upon whom the disappointment falls. In Britain, moreover, the educational system which I have described in outline brands the mark of failure upon a large section of the population at a very early age. Inevitably some of those failures seek by unlawful means the material and social advancement, the lawful road to which they find to be barred against them.

I am not, of course, asserting that these brief generalities are a sufficient explanation of the postwar crime wave which has afflicted most (but not quite all) of Western Europe as well as the United States. The subject is far too complex for that. My only concern here is to expose the naivete of the view that prosperity at contemporary levels ought to be an antidote to criminal behaviour. Satan does not only find mischief for idle hands to do. Bored, frustrated, and disappointed characters are just as likely recruits to his ranks.

V

I hope that I have not paid too much attention to those aspects of postwar British life in which deliberate social policy appears to have played but little part. Any review of recent social changes which underplayed them would give a most misleading picture. Nor must it be forgotten that the epoch of dramatic welfare policies came to a halt more than ten years ago, mainly for political reasons. Since then the social revolutions which we have experienced—and these have not been inconsiderable—have been of a different kind. These revolutions, however, have necessarily been accommodated within the structure of a welfare state that was designed and built in the immediate postwar years. The present condition of that structure we must now examine.

First let me review the range of the provision covered by our various social services. Today everyone amongst us has a right to free medical and surgical attention at home or in hospital at all times, subject only to the payment of certain charges for medicines, dental treatment, dentures, spectacles, and other appliances. Families with more than one child may draw a weekly allowance for each one after the first. National Insurance, which is universal and compulsory, provides weekly benefits with additions for dependents in un-

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employment, sickness, widowhood, and old age, and at higher rates in case of industrial injury or disease. Women can claim lump sum maternity benefits on confinement and, in addition, if employed, a weekly allowance for the period before and after confinement during which it is presumed that they are not able to work. When we die, the Insurance Fund makes a contribution towards the expense of our funerals. Finally, for those who, for whatever reason, fail to satisfy the conditions of eligibility for insurance benefits and are judged by a means test to be in need, rent and subsistence allowances are provided by the National Assistance Board. Nor is even this list complete. It does not, for example, cover the numerous ancillary services provided by various voluntary agencies, such as the Meals on Wheels available in many districts at low charges for those who find it difficult to get out or to cook for themselves, or by the Home Helps, Health Visitors, and Child Care Officers employed by local authorities.

It certainly sounds as if none of us should have much to worry about. What, in fact, does it all add up to? Are we perhaps wildly extravagant? That is no easy question to answer, partly because objective valuation of the cost of the various services is complicated by questions of definition, by cross-payments between central and local authorities and by the contributions to National Insurance paid by beneficiaries and their employers; and partly also because, even if the facts were clearly established, what constitutes extravagance must remain a matter of subjective judgment. For what it is worth, however, let me quote a recent statement by the Financial Secretary to the Treasury [16] which showed that our total social service expenditure, national and local, amounted in 1960 to £62 per head of population, or forty-four per cent of the total current expenditure of all public authorities. Social services in this context, it should be emphasized, are very comprehensively defined, so as to include not only insurance and assistance payments and the National Health Service, but also education, child care, school meals, the supply of milk and welfare foods, and all the health and welfare services of local authorities. In this total, all our

16 Great Britain, *Parliamentary Debates* (Commons), March 2, 1962, col. 190.

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expenditure on health accounted for just over eleven per cent of total national and local outlay on everything, including of course armaments; and this item has increased in money terms by more than forty per cent in the five years to 1960. Messrs. Abel-Smith and Titmuss, however, calculated that at least during the first six years of its life the gross cost of the National Health Service alone represented a declining percentage of the gross national product.[17] Whether that is still true I should not like to say; it well may be. Meanwhile it is notable that the total expenditure of the central government and local authorities on all health services still falls short of what the public spends on alcohol.[18]

So much for cost. Next let us ask: do we get good service for our money? On that it must be admitted, widely though the merits and demerits of these various services have been discussed at home and abroad, that surprisingly little attempt has been made to find out how they strike those who use them. Recently, however, the organisation known as Political and Economic Planning has explored the views of a sample of "ordinary families" on this important topic. Since this sample was confined to families with children under the age of sixteen, it was not representative of the population as a whole, old people in particular being generally ignored; but since it was drawn from households at high as well as low-income levels, it was not overweighted with those who would be most likely to be dependent upon publicly provided social services. Altogether, of the families investigated 99 per cent were found to have made use of the National Health Service, while 84 per cent had drawn one or more types of National Insurance benefit, and 61 per cent had at some time been in receipt of Family Allowances. The National Health Service, besides being the most widely used, stood easily first also in popularity; 92 per cent of the mothers questioned said that it had been a real help, while 80 per cent thought that this service had helped their family more than any other. The comment of one of them that "if anything happens, you won't get an enormous bill to get all

17 B. Abel-Smith and R. M. Titmuss, *The Cost of the National Health Service* (London, 1956), 60.

18 Central Statistical Office, *National Income and Expenditure, 1961* (London, HMSO, 1961).

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the best treatment" is a fair summary of the prevailing point of view.[19] This is not to say, however, that criticism was not sometimes heard. A minority complained about the treatment that they received, about long waits for the doctor, about premature discharge from hospital. In as many as a quarter of the families one member had thought of changing to another practitioner, though only half of these had actually done so. (This does not mean of course that they planned to leave the Service altogether, but only that they considered registering with another Health Service doctor.) In general it was, as might be expected, the middle classes who were most prone to find fault, and, as the authors of the survey themselves suggest, for all those who do complain, there are probably others who make allowances. When all is said, however, the overwhelming popularity of the Health Service (in the eyes of all who are old enough to remember how things were before it came into existence) is today the outstanding feature of the original architecture of the welfare state. Virtually the whole eligible population is now registered with a Health Service doctor. Indeed a spokesman for the government recently put the proportion at 101 per cent, explaining the excess by pending cancellations due to removal or emigration.[20]

It cannot, however, be said that we have yet succeeded equally well in the struggle against poverty. Partly, no doubt, this is because we have not tried hard enough. For several years after publication of the Beveridge Report[21] it was assumed that this document was a magic wand, the very appearance of which had of itself exorcised the giant Want. Enquiries into poverty disappeared completely from the catalogues of social investigations. Social scientists, as Mr. Peter Townsend has so aptly expressed it, seemed for a time to have been plunged into a state of "almost dazed euphoria."[22]

[19] Political and Economic Planning, *Family Needs*, n. 4, 25–29, 35–39, and Chap. 5 *passim*.

[20] Great Britain, *Parliamentary Debates* (Lords), April 13, 1962, col. 170.

[21] Great Britain, Interdepartmental Committee on Social Insurance and Allied Services, *Social Insurance and Allied Services Report, by Sir William Beveridge* (London and New York, 1942).

[22] Peter Townsend, "The Meaning of Poverty," *Journal of Sociology* (London), Sept. 1962.

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Even today Lord Gladwyn can write that "Though the aged are often hard put to it to-day to make both ends meet, few are in really serious need in our modern welfare states, and those who are in need often can only have themselves to blame." [23]

From this euphoric coma we are now beginning to emerge. And what we find shows that there is much still to be done. It is true that few of the poorest are probably as poor as they were before the war. National Insurance and National Assistance between them have built a floor over the ugliest and deepest pits. But the rates payable under these services provide what can only be described by twentieth-century standards as a pitiably meagre living; and they are only spasmodically adjusted to keep pace with rising costs. To-day National Assistance allowances at 90/– a week for a married couple without children or 53/6 for a single person (after payment of rent) are estimated to give a standard of living slightly above the bare minimum of physiological subsistence which Mr. Rowntree established as the "poverty line" nearly thirty years ago. Poverty, however, needs to be measured relatively as much as absolutely, and whereas the real increase in National Assistance rates since 1948 is about twenty to twenty-five per cent, the real disposable income of the community as a whole has been increasing twice as fast. The people at the bottom are constantly getting left behind. Moreover the fact that real wages in particular have been rising so much faster than insurance benefits or assistance aggravates the problem when earnings are for any reason interrupted or brought to an end. The wage earner's standard of living is naturally adjusted to his normal income; and in these days that standard almost always includes considerable hire purchase payments. When a man falls out of work, or becomes sick, or is disabled, it is unreasonable to expect that he will denude his home of all its furniture and gadgets in order that he may spend his meagre benefit or allowance on the uninteresting nutritive foods which the puritan social investigators of thirty years ago judged to be the absolutely essential physiological minimum. What he actually does is to cut down on food in order to keep the

[23] Lord Gladwyn, *The Four Freedoms* (London, 1962).

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home together. Even for the average worker, the drop during temporary unemployment or sickness can be very considerable; a married man on insurance benefit with earnings at the current industrial average could stand to lose more than two-thirds of his income.

The worst sufferers are, however, the aged, the chronic sick and their families, widows, deserted wives, and unmarried mothers, together with a by no means negligible number of low-paid workers with large families. On the day that I received the invitation to deliver this lecture I happened to be at Victoria railway station in London. There in a temperature of about 25° F, I saw an old lady in a paper-thin mackintosh, worn-down house slippers, and no stockings fumbling in an apparently empty purse for the penny necessary for the use of the toilet. Maybe she had thousands of pounds tucked away under her mattress, but to outward appearance she was one of the forgotten people of the welfare state. These forgotten people are an unorganised, defenceless body, neither geographically nor socially integrated. That is why it has been possible for so long to ignore their existence. But their number is still by no means negligible. It is estimated that at the time of the Ministry of Labour's household expenditure survey of 1953–4 not less than four million persons in the United Kingdom were living below or not more than forty per cent above the National Assistance level. Of these, as would be expected, nearly half were elderly couples or single persons living alone; but as many as twenty-nine per cent were children under sixteen. By no means all these people were in fact living on Assistance allowances. Nearly a third were living in households the heads of which were in full-time employment. Others, although they had retired from work, were eking out savings or pensions at about the Assistance level, which would disqualify them for help from public funds.[24] If Lord Gladwyn would change places with some of these people for a week or two, he might perhaps revise his opinion as to whether they are in serious need or have only themselves to blame.

The survival of these ugly patches of poverty in plenty

[24] Townsend, "The Meaning of Poverty," 214.

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has been perhaps the worst blemish on our record as a welfare state. But now that they are no longer out of sight it is reasonable to hope that they will not be out of mind. The disease should certainly not be incurable. Meanwhile, there are still problems of a lower order to be tackled. Everyone is agreed, I think, that although financial provision is often grossly inadequate, there is virtually no catastrophe which our social services have overlooked altogether. Everyone is also agreed that things do not always work out in practice quite as they appear in, say, the literature published by the Central Office of Information. Grit sometimes gets into the wheels, and the machine may even threaten to grind to a halt by virtue of its very complexities. By way of illustration let me quote a single case. True, this is an extreme example, since it relates to the troubles of what would anywhere be regarded as a problem family over several years; but even so, items in the story repeat themselves constantly in other instances, and even in this case the head of the household seems to have shown considerable initiative. Anyway, in the course of a few years, the Fardell family, whose story is told in full in Mr. Willson's admirable book on *Administrators at Work*,[25] seem to have had personal contact with at least the following public authorities or officials: the Education Welfare Officer, the Police, the National Assistance Board, the Housing Officer, the local Children's Officer, the Health Visitor, the Rent Collector, a Home Help, and the local bench of magistrates. In addition the non-official bodies or persons with whom they also had dealings included: a factory welfare officer, a Marriage Guidance Council, an Adoption Society, and their own solicitor. One wonders how any of them ever had time to do anything else.

It is because of these complexities that I have emphasized elsewhere what seems to be a neglected aspect of the social worker's role. In a community such as ours, the social worker's primary function—and it can be an exacting one—is to acquire a complete mastery of the geography of the social service jungle, and to be equipped to hack his or her way through it as occasion demands. In the last resort even the

[25] F. M. G. Willson, *Administrators at Work* (London, 1961).

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most elegantly designed system of social provision must depend for its successful functioning upon the man—or more commonly the woman—on the spot. A brusque official, an unnecessary journey from one office to another, a breakdown on timetable—these and similar minor incidents can do damage out of all proportion to their apparent significance. The official or the social worker who is imaginative, flexible, resourceful, and equipped with an encyclopedic knowledge of the relevant possibilities is in a position not only to obviate such incidents and to prevent a good system from degenerating into a bad one, but actually to make one that is imperfect work a great deal better than we have in a sense any right to expect. In the inevitable struggle between bureaucracy and welfare the attitude of the social work profession may well prove to be the deciding factor.

VI

In this review I have tried to present as objectively as I can what seem to me to be the significant social changes of the past one and a half decades in my own country; and I have done my best to resist the temptation to dress the portrait up to win the admiration of an American audience. In conclusion let me return once more to the two contrasting images which I put before you at the outset. Of these the first, I think, fairly portrays the condition of a considerable section of our population—the section which responds to the boast that they never had it so good, a section whose income rises year by year, whose sons and daughters climb the social ladder and whose way of life is increasingly modelled, though at humbler levels, upon American counterparts.

The alternative image of the spoiled, workshy, irresponsible darlings of the welfare state corresponds to no typical reality that I can identify. Most of us work quite hard even if often inefficiently; the actual working week in industry, including overtime, averages about forty-seven and a half hours. Careful investigators in our poorer districts have found that "widespread fears of the breakdown of family loyalties" seem to have no general basis in fact.[26] No one indeed denies the existence in Britain, as elsewhere, of a

[26] Peter Townsend, *The Family Life of Old People* (London, 1957).

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fringe of inadequate people who can exist only by battening on whatever there is to batten upon. But no evidence has been found to suggest that this is more than a fringe or that the numbers involved are increasing. Repeated enquiries by the National Assistance Board show that a high proportion of those of working age who draw allowances for long periods suffer from some medical disability. Only a tiny minority can be classified as unmistakedly workshy, and liable to prosecution by the Board for persistent refusal or neglect to maintain themselves or their families. In 1960 the number of successful prosecutions for this offence was no more than eighty-seven, one other case being dismissed by the Court.[27]

We have, I think, accomplished much. We have to some extent succeeded in superimposing an affluent society upon a welfare state. Some may criticise the result as being in the most literal sense a topheavy structure. Towering office blocks are rising rapidly while slum dwellers still await rehousing; and in education elaborate improvements are added at the higher levels over a base that is still flimsy and impoverished. The welfare state, as I have tried to show, still has its casualties; and, like the rest of us, it is not immune from a Freudian propensity to forget its failures. Clearly our task is far from finished. But the Britain of today is a better place than that in which I grew up; threats of war apart, to the great majority it offers far better prospects of health and happiness and far more freedom. I should say that in my own lifetime the single most conspicuous change has been the improvement in the appearance of the very young. The dirty, smelly babies and ragged children whom I remember from my own childhood have virtually disappeared. The physical amenities of our cities and the beauties of our countryside are safeguarded today as they have never been before; and the nightmarish association of illness with economic disaster has been broken. No one now need hesitate to consult a doctor for fear of the cost.

In the discharge of that task, the respective roles of private and public beneficence necessarily change with the changing

27 Great Britain, National Assistance Board, *Reports*, 1960, Cmnd. 1410 (London, HMSO, 1961).

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social pattern. But whether in the public or the private sphere that task will continue to call, alike in Britain and in the United States, for the same qualities of sympathy, courage, and imagination.

BARBARA WOOTTON

HOUSE OF LORDS

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FRANCE AND AMERICAN POLITICS, 1763–1793

IN a world which seems to experience one convulsion after another, partially caused by the interference or involvement of other countries in the internal affairs of new and unstable nations, many of the pat generalizations about foreign influence during the formative years of American nationhood become increasingly unsatisfactory. The importance of the French Alliance of 1778 to the success of the Revolution is unquestionable, and the emotional supercharge injected into American politics by the French Revolution has received deserved attention; but the persistent, many-sided impact of France within the United States has not received the comprehensive study it merits. Consider an assumption shared by two accounts of early American history which agree on little else: Beveridge's *Marshall* and Bowers' *Jefferson* both take for granted that a major divisive force in American politics during the 1790's was a philosophic difference over the tumultuous events going on in France. The Jeffersonians are seen as the friends of the Revolution because they agreed with the doctrines set forth by Tom Paine in *The Rights of Man,* while the Hamiltonians are pictured in opposition for reasons best stated in Edmund Burke's *Reflections on the Revolution in France.* Since this debate dramatized the issues of the day in such memorable phrases, it doubtless seemed reasonable to Beveridge and Bowers to set their respective heroes at odds in those terms. But, as modern students have increasingly recognized, this is both too abstract and too rootless to jibe with the facts; more significant for understanding early American history than the dialectics of Paine and Burke are the practical problems which faced the new nation as a result of the contest between France and Great Britain and the interest those countries had in influencing events in the United States.

A contradiction visible in three letters of James Madison illustrates the difficulty of focusing too closely on the philo-

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sophic controversy. In his reply to Jefferson's famous letter setting forth the doctrine that the earth belongs to the living generation, Madison stated:

> . . . if the earth be the gift of *nature* to the living, their title can extend to the earth in its *natural* state only. The *improvements* made by the dead form a debt against the living, who take the benefit of them. The debt cannot be otherwise discharged than by a proportionate obedience to the will of the authors of the improvements.

Madison added that under Jefferson's proposal: ". . . the frequent return of periods superceding all the obligations dependent on antecedent laws and usages must, by weakening the sense of them, cooperate with motives of licentiousness already too powerful. . . ." [1] Significantly, this reply was written in February 1790, after the first stirring events of the French Revolution were known and had been greeted with such enthusiasm in the United States. But on an abstract level at least, Madison seemed to reject as both unjust and impractical any very abrupt break with the past. On the other hand, after the massacres of September 1792 and the fate of Louis XVI were known to him, Madison wrote that the conduct of France was "great both as a free and as a martial nation," and that her enemies were "in fact the enemies of human nature." [2] Even less equivocal was Madison's denunciation, aften ten years of turmoil in France, of John Adams for his concern at "the smallest disturbance of the ancient discipline, order, and tranquillity of despotism. . . ." In the same sentence Madison praised those who continued to have faith in the progress of liberty everywhere and who eulogized "the Revolution and people of France, posterior even to the bloody reign and fate of Robespierre." [3] Obviously, these statements make no sense whatever standing by themselves. Philosophically they contradict each other flatly. To absolve Madison of stupidity or dishonesty, even if the statements themselves cannot be

[1] To Jefferson, February 4, 1790, William Cabell Rives, ed., *The Letters and Other Writings of James Madison,* 4 Vols. (Philadelphia, 1865), I, 504–505.

[2] See below, note 38.

[3] To Jefferson, February, 1798, Rives, *Letters to Madison,* II, 127.

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resolved, it is necessary to understand the role of French influence in American politics much more clearly than has sometimes been done in studies of our early history.

I

From the Treaty of Paris in 1763, which expelled France from the North American continent, until Jackson's victory at New Orleans ended British hopes of continued domination over her former colonies, no major question of United States policy, domestic or foreign, escaped involvement in the last half of the second hundred years' war. The year 1763 marked the end of one kind of French impact on the English colonies; no longer would the Bourbon dynasty and the power of Roman Catholicism be a cement holding the colonies to each other and in turn fastening them all to the mother country. For the first time, the existence and growth of the colonies under the English flag seemed assured. Sensing this, the Ministry in London turned to the difficult problem of adjusting relationships within the British Empire to this new security. At the same time, however, George III could scarcely have escaped noticing the chagrin and resentment on the faces of Frenchmen who for the first time in over a century were relegated to the second position in diplomatic ceremonies at Court. Choiseul, Louis XV's foreign minister, began his search for a way to strike back at England the moment the ink was dry on the Treaty of Paris. High on his list of ways to embarrass England was to seek out and encourage every sign of discontent in the American colonies. Baron De Kalb was but one of a number of emissaries who reported on prospects of trouble between England and her colonies during the ebb and flow of events from 1763 to 1774. Benjamin Franklin had noticed the gleam in French eyes when he wrote in 1767, referring to France, "that intriguing nation would like very well to meddle on occasion, and blow up the coals between England and her colonies; but I hope we shall give them no opportunities."[4] In 1774 the colonial struggle intensified, and young Louis XVI became King of France. His foreign minister, the wily and capable Vergennes, seeking to take

[4] Letter to William Franklin, August 28, 1767, Jared Sparks, ed., *The Works of Benjamin Franklin*, 10 Vols. (Chicago, 1882), VII, 357.

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advantage of England's difficulties, soon sought to persuade his colleagues and the King that France could profit mightily by encouraging the likes of Patrick Henry and Sam Adams. Over the objections of Turgot, who feared the economic strain of warlike actions in support of the colonies, and an increasingly strong party centering around the redoubtable Madame du Deffant, which "in the name of monarchy refused to countenance insurgents," Vergennes, aided by Beaumarchais, convinced the reluctant Louis that the opportunity to recoup French prestige was too propitious to miss. Hence, to the accompaniment of a chorus of huzzas from the *philosophe* segment of French opinion, the proudest monarchy in Europe determined to give probably decisive support to a vociferous band of republican rebels.[5]

The revolutionists, of course, were not unaware of the help they might now receive from their former mortal enemy. Long before independence was declared the delegates to the Second Continental Congress discussed seeking French aid against England. On December 12, 1775, the Committee of Secret Correspondence wrote Arthur Lee asking him to sound out the sentiments of European powers, and on March 2, 1776, Silas Deane was sent on a secret mission to procure military supplies in France. Foreshadowing bitter disputes to come, John Adams was greeted with "grimaces" and "convulsions" when he suggested, on the floor of Congress, forming an alliance with France, and Arthur Lee threatened France that unless she helped America, the colonies would reunite with England for a great war against her. This threat showed something of the complicated political crosscurrents of the day, since a project of this kind had been suggested by the arch-Tory Joseph Galloway in the First Continental Congress and at this very time was being urged in Parliament by Lord Chatham.[6] The ambivalence in Lee's case is revealing. Ardent revolutionist though he was, at the same time he was unable to

5 Bernard Faÿ, *The Revolutionary Spirit in France and America* (New York, 1927), 52–68.

6 See Claude H. Van Tyne, "French Aid Before the Alliance of 1778," *American Historical Review*, XXXI (1925), 35; *Parliamentary History of England* (London, 1813), XVIII, 159, 203–204; John C. Miller, *Origins of the American Revolution* (Boston, 1943), 453; and O. A. Sherrard, *Lord Chatham and America* (London, 1958), 338, 345–346.

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suppress talk of an anti-Gallic crusade, an impulse many centuries old in his Anglo-Saxon heritage. Galloway's effort, too, was but the first of many attempts by Tories to play on fear of France to mute the struggle against England. Thus, without realizing it, the colonies were drawn into the French orbit; a remarkable diplomatic and emotional revolution was accomplished when Benjamin Franklin went to Versailles to seek an alliance with the heirs of the Sun King.

II

When, after more than two years of fighting, the Battle of Saratoga proved to Americans that their cause would not be won easily, and demonstrated to the rest of the world that the revolting colonies must be taken seriously, the chanceries of Europe moved quickly to deal with the new situation. After acrimonious debate in Parliament, Great Britain dispatched a peace mission to America which had instructions to satisfy virtually all of the grievances which had led to the revolution. At the same time steps were taken to consummate the long-sought formal alliance between France and the United States. Bad weather over the Atlantic prevented authoritative news of both events from reaching Congress, sitting at York, Pennsylvania, until about the first of May, 1778. The nearly simultaneous arrivals shed a broad light on the transformation of American politics in a few short years. With surprisingly little support the peace commissioners were brushed aside, while the news of the alliance was greeted with exultation and celebration. With the former colonies in firm alliance with the Bourbons of France, William Pitt's instrument of victory which had worked so splendidly twenty years before was now utterly shattered. Moreover, the alliance and the events which called it into being had considerable influence on the internal affairs of both France and England. The liberalizing forces in France received a psychological boost of significant proportions, and George III's ministry of corruption was exposed even further for the miserable means of government it was. The world-wide currents which R. R. Palmer sees as the dynamic force in the Age of Revolution had received what may have been a decisive transfusion of power. In seeking to understand

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the alignments of American politics during the Revolution it is well to remember that the international struggle was mirrored in sharp internal differences in France and England as well as in the United States.[7]

The arrival in the summer of 1778 of Alexandre Conrad Gérard, the first French Minister to the United States, set the stage for intimate French involvement in American internal affairs. Consider for a moment the strength inherent in Gérard's position. He was the official representative of a rich, powerful nation of over twenty million people, universally recognized as the apogee of western civilization in the eighteenth century. Philadelphia, the city to which Gérard came, was the recently recaptured capital of a struggling almost-nation of three million people, still largely at the mercy of a vindictive mother country. Moreover, most sensible Americans admitted quite candidly that the success of their cause now depended upon the aid they expected to receive from their new ally. Hence, Gérard's prestige and leverage were enormous, and he was willing and able to make full use of them to accomplish his mission. It is no exaggeration to say that from the moment of Gérard's arrival in 1778 at least until the departure of his successor six years later, the French legation was, except for Congress itself, the single most significant center of civil power and influence in America.

For the most part, this great power was useful to the cause of independence. Gérard's mission was to bolster the rebellion in every way in order to increase England's embarrassment and thus permit maximum gain for France at her expense. On at least two important questions, however, there were potential conflicting interests. A principal aim of French diplomacy was the completion of a tripartite alliance against England by bringing Spain into the struggle in full partnership with the United States. In order to do this, Vergennes instructed his American Minister to seek a conciliation of conflicting Spanish and American interests in

[7] See Samuel Flagg Bemis, *The Diplomacy of the American Revolution* (New York, 1935), 58–69, for the circumstances surrounding the signing of the French Alliance, and Robert R. Palmer, *The Age of Democratic Revolution* (Princeton, 1959), *passim*, for the interplay of revolutionary sentiment in the various countries.

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the Mississippi Valley and in Florida. In practice this meant that Gérard urged Congress to modify its claims to land and navigation on the Mississippi in order to reach an accommodation with Spain. To complicate the western problem, Gérard was made a partner in the reorganized Illinois-Wabash land company which, along with the Indiana Company, sought Congressional confirmation of dubious titles to vast tracts of western lands. Lacking this, the land companies sought to exclude the unfriendly sovereignty of Virginia from the lands they claimed. If all American governments appeared to be opposed to their interests, the land companies were willing to countenance British control of the Ohio country in hopes of less hostile treatment. It was no secret that the Illinois-Wabash Company included Gérard among its stock-holders to secure the benefit of his enormous influence in Congress.[8] In addition to her lack of enthusiasm for trans-Appalachian expansion, France also had no interest in supporting the American rights in the Newfoundland fisheries considered so vital in New England. Both of these differences illustrate the basic ambivalence of French policy toward the United States from 1763 until 1815; France wanted an independent America antagonistic toward England, but had no wish to see a powerful, expansionist United States no longer dependent on French support and initiative. John Jay recognized this point when he wrote from Paris during the peace negotiations of 1782 that the French "are interested in separating us from Great Britain, and on that point we may, I believe, depend on them, but it is not their interest that we should become a great and formidable people, and therefore they will not help us become so." [9]

These points of difference, more potential than real in 1778–1779, might have been glossed over had not Gérard felt compelled to intervene directly in the first great, bitter, internal battle of American politics, that over Silas Deane's conduct in France. Spurred on by the furious charges of Arthur Lee, the so-called Lee-Adams faction in Congress declared open war on what it considered was the corruption of

[8] Thomas Perkins Abernethy, *Western Lands and the American Revolution* (New York, 1937), 211–215, 231–237.

[9] John Jay to Robert R. Livingston, November 17, 1782, Henry P. Johnston, ed., *The Papers of John Jay*, 4 Vols. (New York, 1890–1893), II, 451, 452.

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the American cause by the intimate, devious, and profiteering contact with the courts of Europe which Deane's activities symbolized. Increasingly Benjamin Franklin himself and the whole apparatus of French assistance came under attack. For many reasons Gérard supported Deane and Franklin and made probably decisive interventions on their behalf in Congress, thus greatly increasing the latent tendency of the xenophobic Lee-Adams faction to suspect the worst of France and her representatives. When, in open displays of his power to influence American internal affairs, Gérard helped prevent Arthur Lee's appointment as a peace commissioner and urged the replacement of the anti-Gallic Henry Laurens as President of Congress, the Lee-Adams group knew they had not mistaken their most dangerous foe. One careful student of the squabble concluded that "as a result of the Deane-Lee affair Congress split into two distinct camps: the Gallicans and the anti-Gallicans." [10]

III

In the fall of 1779 Gérard's successor as Minister to America, the Chevalier Anne César de La Luzerne, came into this super-charged atmosphere. Of a more pleasing and tactful temperament than Gérard, La Luzerne was no less zealous in his guardianship of French interests in the United States. Furthermore, the beginning of his mission coincided with the darkest days of the Revolution. Inflation raged, Washington's army dwindled, French military aid seemed ineffectual, and the British campaign in the southern states began disastrously for the patriots when they lost Charleston and suffered humiliating defeat at Camden. Thus, the adroit new minister had an unparalleled opportunity to exert his will on the despairing revolutionists. Taking up residence in John Dickinson's great house in Philadelphia, La Luzerne moved in with a staff and budget for his operations which in many ways were grander than those which sustained Congress itself. To promote French interests, La Luzerne undertook a zealous campaign to ingratiate himself with military and political leaders. His house quickly became the center of

10 William Emmett O'Donnell, *The Chevalier De La Luzerne* (Bruges, 1938), 34–36.

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social life in Philadelphia, always full of members of Congress and other important persons.

In another line of endeavor, he paid the Reverend Dr. Samuel Cooper of Boston £200 per year to write pro-French propaganda designed for the ears of New Englanders who might harbor traditional anti-Gallic sentiments. Tom Paine, Hugh Henry Brackenridge, and perhaps Dr. Benjamin Rush were also on La Luzerne's "public relations" payroll. In a more brazen move, La Luzerne paid General John Sullivan, delegate from New Hampshire, 5000 *livres* a year to provide inside information on the secret debates and maneuvers in Congress. It is likely that La Luzerne also received regular information on Congressional affairs from such delegates as Daniel of St. Thomas Jennifer, Richard Peters, James Wilson, Robert Morris, Robert R. Livingston, and Thomas Fitzsimons, all of whom were intimate with La Luzerne, although there is no evidence that they were on his payroll. Thus, La Luzerne prepared himself to exercise a decisive influence on American affairs according to his instructions from Versailles. This is not to suggest that La Luzerne's activities amounted to a "fifth column" disloyal to the patriot cause. In his view and indeed in the view of a great many loyal Americans, the aims of France and the United States were identical. Disloyalty was to be found among timorous or pro-British Americans; La Luzerne's job, according to instructions he received from Vergennes, was to combat Toryism and stimulate the United States to a proper Gallic determination to defeat the armies of the King of England.[11]

La Luzerne's record of triumphant intervention in American affairs is most impressive. Among the decisions he has been credited with major influence upon are the passage of the act of March 18, 1780, depreciating continental currency at a ratio of forty to one; defense of Franklin in the debate over the mission to France in the fall of 1780; final approval of the Articles of Confederation; [12] establishment of the

[11] *Ibid.*, 43–65. O'Donnell based his description of La Luzerne's activity in Philadelphia partly on his dispatches to Vergennes in the French archives and partly on some La Luzerne family papers said to be not generally available to scholars.

[12] See St. George Sioussat, "Luzerne and the Ratification of the Articles of Confederation by Maryland," *The Pennsylvania Magazine of History and Biography*, LX (1936), 391, for an account of La Luzerne's decisive inter-

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permanent departments under Congress; and in a *coup* of remarkable proportions he was almost certainly responsible for the revision of the instructions to the peace commissioners in June 1781. The commissioners, it will be remembered, were empowered under the new instructions to relinquish previously unnegotiable claims to fishing rights and access to the Mississippi River, and furthermore they were directed to negotiate only under Vergennes' guidance. In one signal victory La Luzerne secured in the very instructions to the American commissioners themselves exactly what France might have been expected to have had to work very hard for at the bargaining table.

In the politically delicate area of appointments, La Luzerne continued Gérard's precedent of intervention. He told President Samuel Huntington that he would not deal with Arthur Lee as foreign secretary, divulgence of which information caused a reversal of an apparently close ballot in Lee's favor to a rejection of him by a vote of seven to three.[13] Robert R. Livingston, who was elected Secretary for Foreign Affairs in Lee's stead, and Robert Morris, Superintendent of Finance, were both members of La Luzerne's inner circle. French influence was exerted against Lee a third time in 1784 when Lafayette was instrumental in getting the less obnoxious John Jay instead of Lee elected foreign secretary to replace Livingston.[14] In military affairs La Luzerne was consulted as a matter of course in making the most basic decisions affecting the destiny of the new nation. In another extremely sensitive area, La Luzerne used his power to dispense the six million *livre* loan of 1781 to suit his political purposes. He refused to release funds until he was able to secure maximum political advantage from them, and in moves which infuriated many members of Congress he often stipulated that Robert Morris exercise personal supervision over use of the money loaned. It is little wonder that La Luzerne reported to Vergennes at the

vention in Maryland politics which secured that state's ratification of the Articles.

13 See Arthur Lee to Samuel Adams, August 13, 1781, Edmund C. Burnett, ed., *Letters of the Members of the Continental Congress*, 8 Vols. (Washington, D. C., 1928), VI, 176.

14 Louis R. Gottschalk, *Lafayette Between the American and the French Revolution (1783–1789)*, (Chicago, 1950), 109.

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end of 1782 that "the Eastern [anti-French] party has lost its great influence over Congress." [15]

This direct French involvement in American internal affairs was largely responsible for the emergence of rather clearly defined pro- and anti-Gallican factions in Congress. It has always been well known that France was a principal phobia of the Lee-Adams faction, which included besides members of the powerful families giving it its name such worthies as James Lovell, William Whipple, and Elbridge Gerry of New England, Thomas McKean of Delaware, Henry Laurens and Ralph Izard of South Carolina, and General Horatio Gates. Dominated by the New Englanders, this group had obvious reasons for opposing French influence on nearly all of the policy and personnel matters in which La Luzerne intervened; they were against relinquishing fishing rights and they had good reason to suspect the conduct of Robert Morris, to cite two examples. In a clear case of self-interest affecting the other side of the party alignment, individuals such as James Wilson, interested in particular western land claims, were bound to favor La Luzerne's efforts. Indeed, it would be possible to explain a great deal of the hostility or benevolence toward France on just such practical grounds. A close analysis of voting in Congress and in state legislatures along the lines recently undertaken by Forrest McDonald regarding the controversy over the 1787 Constitution [16] might prove most revealing in this earlier intermingling of political and economic forces.

But it seems probable that equally significant factors are to be found in deeper, darker, more dangerous waters. One student of the whole gamut of Franco-American relations, Bernard Faÿ, has said that the anti- and pro-Gallican factions differed primarily over "the reliance that could be placed on the moral integrity of France. The former were inclined to survey it continually and doubted its genuineness. The latter trusted France and saw her as a sister nation—the most enlightened nation in the world." [17] Carl Van Doren has remarked that Benjamin Franklin was drawn to the French

[15] O'Donnell, 172–181, 223.

[16] Forrest McDonald, *We the People* (Chicago, 1958).

[17] Faÿ, 115.

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by his broad, cosmopolitan tastes "at a time when many Americans were still suspicious of their ancient foes as Catholic, despotic and immoral." [18] Certainly this distinction corresponds with the usual observations about the political and moral bases of the Lee-Adams faction. Rooted in Puritan New England, the group received support from such other bastions of anti-French anti-Catholicism as Huguenots in New York and South Carolina, anti-Jacobite Scotch-Irish, and an almost fundamentalist Anglican strain in Virginia. In short, ardent as these people might be in their revolutionary fervor against England, in the course of their struggle they simply could not embrace the harlot France, symbol of all they detested. Prepared to learn the worst, they always found it in every dispatch from Franklin telling of bounties or support from Versailles. When La Luzerne landed in Boston upon his arrival in the United States in August 1779, William Whipple wrote Richard Henry Lee that "I hope this gentleman will receive such impressions of this country where he first landed as will sufficiently guard him against the pernicious air of Philadelphia." [19] What "impressions" did Whipple expect La Luzerne to get in Boston? What was "pernicious" about the "air" of Philadelphia? Clearly he had in mind deep feelings and prejudices which were creating fundamental cleavages in the revolutionary cause.

IV

On the other side of the question, were there philosophic and perhaps psychological factors which impelled other Americans to embrace France and her culture with enthusiasm? In addition to the patent appeal of many aspects of French refinement and civilization to cosmopolitan figures such as Jefferson, Franklin, and the like, perhaps there is something in the nature of the revolutionary saga itself which might help explain the variant attitudes toward France. Consider the implications of Winston Churchill's remark that the patriots of 1776 had "no common national tradition except that against which they were revolting." [20]

[18] Carl Van Doren, *Benjamin Franklin* (New York, 1938), 610.

[19] Burnett, *Letters*, IV, 385.

[20] Winston S. Churchill, *The Age of Revolution* (New York, 1957), 182.

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Until 1776, Americans of culture and learning were content with the rich British heritage which was rightfully theirs; they gloried in an England which had given the world Bacon, Shakespeare, Newton, Locke, Hampden, Milton, Pope, Marlborough, and a host of others. In short, they had a magnificent cultural home. But as the resentment and rejection of revolution took its toll, a cosmopolitan soul might naturally feel suffocated and deprived, his eighteenth-century appetite for civilization as strong as ever, but now unsatisfied. Then, the French Alliance negated many of the political and moral liabilities of an otherwise admittedly superb French culture. Like sojourners in the desert rushing to water, men of wide horizons welcomed the attachment to France, and could even find in the *philosophe* segment of French opinion full-fledged partners in the quest for human liberty and enlightenment. To these men, the revolution might find its consummation in some kind of worldwide movement, in partnership with the new forces in France, toward the shining goal of human freedom. The enthusiasm with which such Americans greeted the alliance with France need not suggest, of course, that they were not completely faithful to their own new nationality. Rather, the association with France provided a means for the fulfillment of that nationality within the broad meaning given to the term by enlightened eighteenth-century opinion.

On the other hand, imagine the emotional impact of the same events on persons of more limited horizons, such, for example, as Sam Adams or even Patrick Henry. To them, alienation from the English cultural tradition presented no great problem because they had never known its rich depths. Plain, unsophisticated America was enough; her simple republican virtues should satisfy any man. People of this stamp were provincial in their outlook and frugal in their habits. Enthusiasm for France had no appeal to them for the simple reason that they sensed only fear of a land they did not comprehend. This outlook, of course, describes the habitual point of view of most adherents to the Lee-Adams faction. Hence, Francophobia was a perfectly natural addition to their generally negative pattern of attitudes. Finding the French Minister up to his neck in political machinations

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opposed to their vital interests was but the signal for the eruption of latent, often suppressed fear and suspicion of the nation he represented. Again, the point here is not to question the patriotism or even necessarily the wisdom of such an outlook. It would seem, though, that such relatively intangible pre-dispositions might exert considerable influence on political alignments as relations with France became increasingly crucial to the struggle with England.

Another factor, explored recently in this journal by Stanley Elkins and E. L. McKitrick,[21] is the stake which the generation whose political careers *began* during the American Revolution felt they had in the success and grandeur of the new nation. In contrast to the generation whose endeavors reached a culmination in the events of 1776, men such as Hamilton, Madison, Robert R. Livingston, and Richard Peters were in the vigorous beginning of their political careers during the 1780's. The purpose and meaning of their lives was tied up with the growth and greatness of the nation whose appearance on the world stage coincided with the beginning of their own involvement in public affairs. Generally speaking, these men looked to La Luzerne and his mission for support for what they conceived was their destiny. Only France could sponsor American independence effectively, and only she could provide the cultural greatness and international prestige to substitute for the lost connection with Great Britain. There are many exceptions, of course, to these differences in generations and corresponding attitudes toward France. Franklin, for example, was a Francophile of the older generation, while Rufus King was a Francophobe of the new. Nevertheless, the dominant elements in the opposing factions seem to have conformed to the suggested pattern. James Madison and Robert R. Livingston on one side and Richard Henry Lee and Sam Adams on the other represent the dynamic forces of the opposing points of view.

The career of Chancellor Livingston in particular provides a fascinating insight into this and other complex components of the French involvement in American internal affairs. He returned to national politics in 1779 when he went to Phila-

21 Stanley Elkins and Eric McKitrick, "The Founding Fathers: Young Men of the Revolution," *Political Science Quarterly*, LXXVI (1961), 216.

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delphia as a delegate to the Continental Congress from New York. Already a "nationalist" for reasons stemming from his family background and the crosscurrents of New York State politics, he was an ardent patriot of the variety which sought independence from England but which did not want social revolution at home. For years his family had formed the core of the "anti-Royal Governor's party" in New York and thus he moved easily into an extreme anti-British position once independence had been declared. His cultivated and learned background gave him a keen sense of the precarious situation of the new United States of America in world affairs. Moreover, at the time of Livingston's departure for Philadelphia he was bitterly opposed to the financial measures of the Clintonian government of his own state which he felt were unfair to large landowners such as himself. Thus he sought to increase the powers of Congress in the hope that this would limit the power of the state government with which he was in disagreement. He was linked, then, perhaps unknowingly, by both instinct and interest to the nationalist sentiment which La Luzerne supported so subtly and powerfully. Within a year Livingston had the French Minister's support for high office, and there is little doubt that Livingston's election as Secretary for Foreign Affairs in August 1781 was due principally to La Luzerne's efforts on his behalf. Livingston's conduct as Secretary, especially his protests to the Peace Commissioners in Paris for their neglect of Congressional resolutions requiring full consultation with Vergennes before negotiating with England, indicates that La Luzerne was not mistaken in his estimate of the chancellor's predelictions. Arthur Lee wrote Francis Dana on July 6, 1782, that "whatever you see or receive from him [Livingston] you may consider as dictated by the French minister. He made him what he is, and policy, or gratitude, keep him from disobeying or renouncing his maker." [22] This doubtless exaggerates Livingston's subservience to La Luzerne, but it does testify to a close working relationship between the French legation and the Secretary's office upon which many less biased observers also commented. In fact, some of Livingston's American backers supported him on

[22] Burnett, *Letters*, VI, 379.

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the grounds of his friendliness with the Frenchmen in Philadelphia.[23]

In his subsequent career Livingston continued to be an ardent Francophile. During the 1790's this New York landed aristocrat outdid the Virginia Republicans in his belief in the advantages America would derive from whole-hearted support of France and her Revolution, while his selection as Minister to France in 1801 was founded in some measure upon the cordial relationship known to exist between the proposed envoy and the host country. These attitudes on Livingston's part reflected economic interests and partisan political considerations, of course, but the ardor and constancy of the Chancellor's attachment to France seem to require further explanation. Livingston was above bribery and his patriotism was unquestionable; what then could explain his unwavering friendliness to France and her representatives? It seems apparent that he was partial to France because he admired her culture and because he enjoyed the company of French noblemen. His understanding of international relations probably indicated to him that a new and weak nation desirous of preserving a genuine independence from a rejected mother country would need the support of friendly great powers. As a member of Congress during the darkest days of the Revolution he was aware of both the obligation imposed by the Alliance of 1778 and the very great debt of gratitude which America owed to France. Livingston also was party to struggles within Congress in which La Luzerne and his associates rendered vital assistance to the side favored by the Chancellor. Finally, French support of a more powerful national government strengthened Livingston's hand in his own political wars in New York. This factor operated to some degree in nearly all of the states and thus, of course, injected French power and influence

23 See George Dangerfield, *Chancellor Robert R. Livingston of New York, 1746–1813* (New York, 1960), for the details of Livingston's career. Based on a body of papers far more complete than is available for most of his contemporaries, Dangerfield's book for the first time shows how closely Livingston's political career in the early 1780's was guided by the subtle attentions of La Luzerne's secretary, François de Barbé-Marbois. See especially pages 113–114, 117–119, 126–127, 134–180, 264–267, and 298–306 for the points mentioned in this and the following paragraph.

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into state politics on a wide scale.[24] Hence Livingston's philosophic reaction to the events symbolized by the fall of the Bastille probably had very little relevance in explaining his attitudes and convictions regarding France. These feelings were formed in the face of events much closer to home than those which took place in the streets and palaces of Paris.

I would suggest, then, that the bases for attitudes toward France and her revolution after 1789 had extremely important roots in the crucial part played by France in the political and psychological history of the American Revolution. By this I mean a great deal more than the gratitude America felt toward her wartime ally and the obligations imposed by the Alliance of 1778. The actual involvement of France and her representatives in American affairs was incredibly deep. Furthermore, French civilization played a profound role in the traumatic patterns engendered by the American Revolution.

V

Three episodes of the so-called "critical period" illustrate some of the crosscurrents created by French involvement in American affairs. On July 15, 1782, a great festival was sponsored by La Luzerne in Philadelphia to celebrate the birth of the Dauphin of France. Coming at what was perhaps the height of La Luzerne's personal prestige and power, and before aspersions had been cast on France for her suspicious role in the peace negotiations, the Francophiles outdid themselves. Hairdressers and fancy clothiers were booked up days in advance grooming Philadelphia society for the big event. La Luzerne spared no effort or expense to see that the celebration surpassed all other social occasions in the city's history. When the big night arrived, the Minister and his numerous countrymen who attended were the perfect picture of French elegance and good taste. The celebration also provided an opportunity for Americans to show their gratitude to France and incidently display how much they were enchanted by her. Benjamin Rush was alert to the

[24] See, for example, Kathryn Sullivan, *Maryland and France, 1774–1789* (Philadelphia, 1936), for an account of French influence in that state during the Revolution.

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irony and symbolic significance of the occasion. "How great," he wrote in describing the celebration,

> the revolution in the mind of an American! to rejoice in the birth of a prince whose religion he has been taught to consider as unfriendly to humanity. And above all, how new the phenomenon for republicans and freemen to rejoice in the birth of a prince who must one day be the support of monarchy and slavery! Human nature in this instance seems to be turned inside outwards.[25]

Reaction of some members of Congress, however, reveals that not all Americans were so happy over the social activities of the French Minister. Thomas Smith of Pennsylvania complained on the floor of Congress in the month following the celebration that "while some [members] held an intercourse with the [French] minister and were constantly seen at his table and entertainments, others were wholly excluded." [26]

Secondly, when the Marquis de Lafayette returned to America in 1784 to foster Franco-American good will, he discovered that he had already become a symbol of the bond which united the two nations. In the midst of the adulation which greeted him everywhere, an event in Boston turned a bright light upon the ideological conflict which had spanned both the English Channel and the Atlantic Ocean. Lafayette received the tributes of Boston revolutionists in the home of Mary Hayley, sister of the English radical John Wilkes. Thus, in a curious irony, the French and American revolutionary leaders were provided with a meeting ground by the leading family of English radicalism.[27] What better symbolism could there be of the worldwide currents and intermingling of foreign and domestic matters in the midst of which American nationhood was born?

Finally, a recent study by Julian Boyd shows that the activities of John Jay and Thomas Jefferson in the years

25 The entire celebration is described in Rush's letter to Elizabeth Graeme Ferguson (?) of July 16, 1782, from which the quotation is taken. Lyman H. Butterfield, ed., *Letters of Benjamin Rush*, 2 Vols. (Philadelphia, 1951), I, 278–284.

26 Charles Thomson, "Notes on the Debates in Congress," August 28, 1782, in Burnett, *Letters*, VI, 460–461.

27 Gottschalk, 115.

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between the American and French Revolutions fit neatly into this pattern of pro- and anti-Gallic feeling. Thoroughly enjoying Parisian society, Jefferson was in France working hard to open the political and commercial channels which he hoped would draw America closer to France and thus necessarily, though perhaps not intentionally, widen the breach with England. Jay, as Secretary of Foreign Affairs in New York, sought just as zealously to prevent the closer ties with France because "he seems to have inherited an implacably unfriendly attitude toward France." Although he had no close ties with the Lee-Adams faction, Jay exhibited most of the characteristics of that group. Brought up by Huguenot parents to hate the France which had revoked the Edict of Nantes, Jay was ascetic in his personal habits, possessed of a brilliant but rather rigid, legalistic mind, and almost wholly untouched by the scientific and skeptical thought of his day. Jefferson, of course, was the very epitome of the intellectual excited by the new ideas and caught up with notions of challenge, improvement, and change.[28] That one should be content to see his country grow within the framework of her own simple virtues and that the other should see this same country taking its place in a glorious, worldwide crusade for human freedom is not surprising. Since the patriotism of both Jay and Jefferson is unquestionable, it is enough to say simply that they sought different roads to the future greatness of the United States.

The prominent part France played in American life in the early 1780's is not duplicated in the latter part of that decade. After La Luzerne's return to France in 1784, affairs in the United States were left in the hands of two young but capable *chargés*, first, François de Barbé-Marbois and then, Louis Otto. The failure to appoint a fully-accredited minister may signify the reduced role America played in French policy after the treaty of 1783 was signed. The period also coincided with French preoccupation with continental diplo-

28 Julian P. Boyd, "Two Diplomats Between Revolutions: John Jay and Thomas Jefferson," *The Virginia Magazine of History and Biography*, LXVI (1958), 131–135. See, however, Frank Monaghan, *John Jay* (New York, 1935), 261–267, for an argument that Jay was sincerely interested in developing cordial relations with France. Monaghan's argument seems to depend too much on official, formal statements of friendship, and gives insufficient attention to the intricate course of events outlined by Boyd.

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matic problems and the increasing gravity of her own internal crisis. America, too, had less reason to concern herself with problems in which French interests were vitally affected after the treaty of peace with Great Britain. In any event, the voice and scepter of France lose their prominence in the United States from about 1784 until the middle years of Washington's administrations. For example, in the great debates over the Constitution France is scarcely mentioned, perhaps reflecting the instructions to her *chargé* in New York to show no favoritism in the ratification struggle. France had only a mild concern that the United States not achieve a stability and power she would be eager to abuse.[29] Perhaps the most trustworthy evidence that French influence actually was nil during the period is found in the failure of either side in the ratification fight to make accusations involving her.

The continuing controversy over how to contend with Britain's crude commercial discrimination against the United States, along with matters concerning the terms of the peace treaty, kept the issue of relative attachments to the European powers alive from 1784 until 1789, however. In April 1789 the beginning of government under the new Constitution and the open doors of the House of Representatives provided the occasion for the first national discussion of the discrimination question in public. Madison precipitated debate by introducing resolutions calling for commercial discrimination against nations not in treaty with the United States; that is, against Great Britain and in favor of France. The debate in Congress properly concerned itself with what measures would be most effective in protecting American commerce against British insults, the effect of the resolutions on impost revenue, and the like. But in private letters, more frank estimates of motivation were indulged. In a letter written at the height of the discrimination debate, Fisher Ames accused Madison of being "Frenchified" in his politics while he admitted his own inclination to seek "a good understanding with Great Britain."[30] At the same

[29] Clyde A. Duniway, "French Influence on the Adoption of the Federal Constitution," *American Historical Review*, IX (1904), 304–309.

[30] Fisher Ames to George R. Minot, May 3 and July 2, 1789, Seth Ames, ed., *The Works of Fisher Ames*, 2 Vols. (Boston, 1854), I, 35, 57–59.

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time Madison wrote Jefferson that though some respected persons opposed his resolutions, the principal blame must fall on "the spirit of this city [New York], which is steeped in Anglicanism."[31] This cross fire, it should be noted, came over three months before news of the fall of the Bastille reached Ames and Madison. Ames represented, though, the point of view of the old anti-Gallic party in the Continental Congress, while Madison had been a vigorous Congressional partisan of France in La Luzerne's day, and was a known admirer of French learning and culture. Thus, the antagonisms and prejudices which had helped to mold the factions which disputed the momentous issues of the Revolution at the earliest opportunity divided the members of the first Congress bent on solving the no less momentous problems of nation-building.

In a remarkable demonstration of the failure of the first stages of the French Revolution to ruffle American politics, the renewal of the discrimination debate in May 1790 produced exactly the same arguments in Congress and exactly the same insinuations in private letters as had been made a year earlier. The revolution in France was not even mentioned. The letters from Benjamin Rush to Madison during the spring of 1790 bristle with fulminations about the intrigues of British agents in New York and the tendency of Congress to be swayed by the Anglified atmosphere of that city.[32] It seems clear that neither the specific issues of foreign relations nor the less tangible charges of partiality toward France or Great Britain that troubled the first two sessions of Congress had any reference whatever to the French Revolution. Both the issues and sentiments were survivors from an earlier revolution much closer to home and more important to Americans than that taking place in the realm of Louis XVI. Howard Mumford Jones likely had this in mind when he observed that "sometimes it was hard to say whether the divisions of American opinion were formed by the French Revolution, or whether the division

31 Madison to Jefferson, May 9, 1789, Rives, *Letters of Madison*, I, 465–467.

32 See Rush's letters to Madison of February 27 and April 10, 1790, in Butterfield, *Letters of Rush*, 538–544, and Rush to Madison, March 10, 1790, Madison Papers, Library of Congress. Madison's responses of March 7 and March 20, 1790, by implication at least, agree with Rush's charges. Originals owned by Mr. J. William Middendorf of Baltimore, Maryland.

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of opinion toward that event was a result of the previous bias of men's minds." [33]

VI

The specific issues of the day, of course, presented practical questions which would have given different groups of Americans variant shades of opinion about the European powers. Settlers in the Mississippi Valley, whose connections at this time were primarily with Virginia and North Carolina, were subjected to intolerable depredations by England and Spain. The former was blamed for inciting the northwest Indians, while the latter in addition to arousing Indians stood astride the Mississippi at New Orleans. Sentiment in the west vacillated between trying to lick these powers and, in the extremity, joining them. No similar passions were raised in the west regarding France, thus permitting that nation to enjoy gratitude and admiration for her own revolutionary efforts.[34] On the other hand, commercial interests which loomed largest in New England saw an obvious advantage in cultivating the rich trade with Great Britain. This commerce was the more welcome to many American merchants who desperately needed the long-term credit available only in London.[35] Another interesting and perhaps significant factor was the sharp rise in grain prices which followed the outbreak of trouble in France. Madison wrote his father from New York in February 1790 that "the run on our market from Europe seems to be increasing. If the alarm be not artificial in France, England, etc. which cannot be altogether the case, it is probable that the price [of wheat] will be high for several years." [36] Without suggesting that Madison favored the French Revolution and the tumult he knew would accompany it primarily to make money from the grain his family harvested in Virginia, the prosperity

33 Howard Mumford Jones, *America and French Culture* (Chapel Hill, 1927), 540.

34 See, for example, letters from George Nicholas to James Madison, February 1 and September 5, 1792 and November 15, 1793 in the Madison Papers, Library of Congress.

35 This factor was taken for granted by well-informed men of the day. See, for example, Jefferson to Madison, May 12, 1793, Paul L. Ford, ed., *The Writings of Thomas Jefferson,* 11 Vols. (New York, 1892–1899), VI, 251.

36 Letter dated February 27, 1790, Madison Papers, Library of Congress.

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experienced by farmers whenever war threatened in Europe may have had some significant effect on the development of party alignments in America.

But the place of these issues in the development of American political parties has been discussed competently by others elsewhere.[37] Many students, too, have dealt with the inter-relationship between foreign and domestic issues which had such crucial bearing on both political parties and American policy toward events in Europe.[38] As a result of this work it seems clear that both parties, but particularly the Jeffersonians, took advantage of the strong emotional attachments and reactions of many Americans to countries and events in Europe to strengthen their own appeal to the country at large. Thus, the Federalists capitalized on certain pro-English feelings which were intensified by events in Europe, and the Republicans used popular sympathy for France to make every French move toward republicanism and every victory of French arms an occasion for celebrations which greatly strengthened their partisan cause. These biases, the roots of which go far back into the crises of the American Revolution, and not philosophic differences over the revolution in France, seem to be the most significant factors in understanding the attitude of public figures toward England and France during the 1790's.

A paragraph from a recently discovered letter of Madison's to the astute and influential George Nicholas of Kentucky, Madison's principal informant on political developments in the trans-Appalachian region, displays these crosscurrents. Writing in the spring of 1793, Madison observed,

> Our accounts from abroad are not of a very late date nor of a very decisive cast. It is still a problem whether war will take place between England and France. The war in which the latter is at present engaged seems likely to be pushed by her enemies during the ensuing campaign. As yet her conduct has been great both as a free and as a martial nation.

37 See, especially, Joseph Charles, *The Origins of the American Party System: Three Essays* (Williamsburg, Virginia, 1956), and Noble E. Cunningham, Jr., *The Jeffersonian Republicans, The Formation of Party Organization, 1789–1801* (Chapel Hill, 1957).

38 See, both for its own insights and for an excellent bibliography, Alexander DeConde, *Entangling Alliances: Politics and Diplomacy under George Washington* (Durham, 1958).

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> We hope it will continue so, and finally baffle all her enemies, who are in fact the enemies of human nature. We have every motive in America to pray for her success, not only from a general attachment to the liberties of mankind, but from a peculiar regard for our own. The symptoms of disaffection to Republican government have risen, and subsided among us in such visible correspondence with the prosperous and adverse accounts from the French Revolution, that a miscarriage of it would threaten us with the most serious dangers to our present forms and principles of our governments.[39]

The sentiments expressed here are virtually inexplicable if one assumes that Madison spoke as a scholar and philosopher in assessing the events in France. The tone of the letter belies every axiom of the philosophic Madison. But it is perfectly understandable if one recognizes Madison the political leader as the penman. Nor is it any disparagement of his stature so to view it. As a practical politician Madison was fully alert to the use made of French excesses and defeats by leaders he believed were undermining American liberty. If he was to defend freedom and republican government as it existed in America, he needed both propitious events abroad and a public opinion in America aroused to demand a proper policy regarding them.

This attitude of Madison's is understandable, too, in the light of his experience during the Revolution, and it reminds us of the experience of leaders in revolutionary new nations today. As a youth Madison had been utterly swept up in the revolutionary ferment, and the early beginning of his public career (at age twenty-four) coincided with the birth of independent government in Virginia. The demands of the Revolution brushed aside post-adolescent equivocations over a profession in life by giving him thereafter an all-consuming public vocation. Thus inspired, he undertook the responsibilities of revolution in Virginia, and was soon faced with vexing international problems: On what terms could Virginia secure war materials from France? Did the state have credit sufficient to borrow money in Paris, Vienna, or Florence? Could Virginia preserve George Rogers Clark's

[39] Letter dated March 15, 1793, original owned by Mr. Jasper E. Crane of Wilmington, Delaware.

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conquest of the Northwest against the competing intrigues of Spain and Great Britain? [40] These questions gave Madison an immense sensitivity, before he entered national politics, to both the necessity of aid from foreign powers and the grave danger their machinations could produce. When still not thirty years old, he took his seat in the Continental Congress and found the French Minister giving crucial support to most of the policies he believed vital to the success of the Revolution. His engrossment in disputes over the merits and demerits of this influence was so great that when he left Congress after ratification of the peace treaty, he was something of an expert on the involvement of foreign powers in the internal affairs of new nations.

Therefore, when war returned in the 1790's, it could not have surprised him to have events in Europe once again impinge mightily on his aspirations for the new United States. With powerful ideas as well as powerful armies on the march, it was evident that a weak nation uncertain of its place in the world would be subject to intense, conflicting pressures. At the same time, Madison's personal anxiety and frustration had been heightened. The successes of the ratification struggle had been followed by a defeat in the Virginia legislature which denied him a seat in the federal Senate, and Hamilton had led Congress to accept a financial program which Madison felt threatened basic goals of the Revolution. He had begun, hesitatingly and without notable success, to build party opposition to the triumphant Federalists, but somehow the "spirit of '76" seemed dormant. Little wonder, then, that the dramatic wars of the French Revolution seemed a heaven-sent opportunity. The efforts of France and Great Britain each to draw the United States into its orbit and the rapid identification of each nation with a political party increased Madison's sense of the importance of the world conflict for his national aspirations. It is perfectly clear that leaders in both parties had uppermost in their minds, as they heard the war news and talked to foreign emissaries, the issues of *their* Revolution rather than those being debated in Paris. In spite of the Federalist success in negotiating and ratifying Jay's Treaty, the Republicans at first had the more propi-

[40] William T. Hutchinson *et al.*, eds., *The Papers of James Madison*, 2 Vols. (Chicago, 1962), I, 245–246, 284–287, 274–277; II, 114–116.

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tious political climate. A great army marching against the forces of King George III, under the spell of words reminiscent of those used so effectively by Tom Paine in 1776, was sure to arouse wide sympathy among Americans. Madison and Jefferson soon discovered how to recoup their political fortunes—warm up the emotional leftovers of the American Revolution with the heat of world ideological battle.

The parallel Federalist capitalization on certain pro-British feelings was just as natural and no more a sign of treason than the Republican identification with France. The intensity with which leaders of new nations respond to power and ideas from abroad should not cause them to be mistaken for puppets. Rather, they are demonstrating the vulnerability as well as the sincerity of their aspirations. Leaders of both parties in the United States in the 1790's were aware that the national interest demanded non-involvment in Europe's wars, but the curious kind of welcome given British intrigues in one party and French promotions in the other showed that neither could resist the opportunity to seek possibly decisive support for its cause. The vital question for all Americans regardless of party was: Could the United States survive in the midst of such a dangerous game?

The spectacle of Federalists seeking victory through rapprochement with Great Britain and Republicans seeking to protect their view of the American Revolution by "drawing near" to republican France presents a pattern familiar to observers of events in Ghana, Indonesia, Tanganyika, Algeria, and other new nations today. Then as now, a move in the worldwide ideological struggle could produce traumas in the unsettled emotions of a new nation, and a suggestion by a minister of a powerful country could have a more profound effect on a new nation's destiny than its own enactments and proclamations. Madison's experience, and the whole dilemma of American involvement with France during the Revolution, are remarkable demonstrations that the United States shared, in its infancy, the hopes and limitations of those experiencing the growing pains of new nationhood today.

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THE IDEOLOGICAL, POLITICAL, AND ECONOMIC BACKGROUND OF PILSUDSKI'S *COUP D'ETAT* OF 1926 *

SEVERAL critical currents fed into the stream of the events of May 1926 in Poland, when Jozef Pilsudski, the retired First Marshal of Poland and former Chief of State (1918–1922), staged a successful *coup d'état* against the parliamentary system dominated since the elections of November 1922 by an agglomeration of Right and Center political parties.[1] Applauded and supported by the political and social forces of the Polish Left, Pilsudski promptly disappointed these by moving swiftly and effectively on the morrow of his seizure of power to prevent the transformation of his *coup* into a genuine social or political revolution.

* The author wishes to express his gratitude to the Program on East Central Europe (Professor Henry L. Roberts, Director) and to the Council for Research in the Social Sciences (Professor Neal N. Wood, Secretary) of Columbia University for assigning him research grants for the summers of 1961 and 1962. The present article represents part of the work undertaken with this support. The military background of this *coup* having been treated elsewhere, this article attempts to deal with those other currents feeding into it which are suggested in the title. See Joseph Rothschild, "The Military Background of Pilsudski's Coup d'Etat," *Slavic Review*, XXI (1962), 241–260.

[1] The elections of November 5, 1922, for the Sejm, the lower but more powerful of the two houses of the National Assembly, gave 163 seats out of a total of 444 to a bloc of Right-wing parties and 70 to the Centrist but nationalistic Piast Peasant party. The latter party, which until these elections had generally declined collaboration with the Right, then reversed itself after a final alliance with the Left during the two presidential elections of Gabriel Narutowicz and Stanislaw Wojciechowski by the National Assembly in December 1922. Led by Wincenty Witos, the Piast Peasant Party from the middle of 1923 became a perennial ally of the Right. This coalition could therefore effectively dominate the Sejm but it failed to give Poland stable governments. A more radical peasant party, named Wyzwolenie (Liberation), had 49 seats; the Socialists (Polska Partia Socjalistyczna—PPS), 41; and other Center and Left parties, 31. The non-Polish national minorities elected 89 Sejm deputies, of whom 65 formed themselves into a minority bloc which was potentially in a pivotal position should the Right-Piast combination ever founder. In the Senate, elected on November 12, 1922, the Right was proportionately even more strongly represented, in part because of higher age qualifications for the vote. It held 49 of the 111 seats, with 17 going to Piast, 8 to Wyzwolenie, 7 to the Socialists (PPS), 26 to the bloc of national minorities, and 4 scattered.

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The May 1926 crisis nevertheless became the pivot of Polish politics during the decades between the two World Wars, signalling the failure of parliamentary government and aggravating within the Polish political nation a rift whose repercussions and consequences were not to be healed during the lifetime of the interwar Republic and whose memories still run deep today.

I

The Polish Commonwealth, before its partition and destruction in the second half of the eighteenth century at the hands of Austria, Prussia, and Russia, had been a multinational state governed by a Polonized Polish-Lithuanian-White Russian-Ukrainian aristocracy. The constitutional principles of this state had been federalistic and decentralistic. During the nineteenth and twentieth centuries its memories spiritually and psychologically fed the various romantic-insurrectionary movements against the Partitioning Powers, while the chief bearers of this insurrectionary tradition came to be the "state-oriented" strata of Polish society: the intelligentsia (drawn from gentry and bourgeoisie), the workers and socialists, and a part of the radical peasantry. The tradition's culmination (disregarding for the moment the upheavals of 1944 and 1956 which post-date this narrative) was Jozef Pilsudski's Legionary movement of the First World War which insisted on active Polish belligerence against Tsarist Russia to effect the resurrection of Poland as an independent state. Its revolutionary posture, its struggle against Tsarist Russia, its insistence on independent statehood, its egalitarianism, and its rejection of ethnic chauvinism and of clericalism rendered this insurrectionary tradition a movement of the Left despite its historicism and its partly aristocratic pedigree.

The revolutionary decades of the mid-nineteenth century had ushered into East Central Europe a new type of national patriotism. In the case of Poland it was less committed than the first tradition to the memories of and aspirations for independent statehood, and more inclined to view the state as but an instrument—even a dispensable one—for the development, as a primary value, of the "organic" nation. The progress of the nation was to be furthered not by romantic,

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history-inspired and ultimately abortive insurrections, but by slow, "positive," economic and cultural endeavor. Rejecting the multi-national federalistic traditions of the pre-partition Polish Commonwealth, this school of nationalism, whose main social bearers were the middle class and the more prosperous peasantry and whose leading political expression was eventually to be the National Democratic camp, became a Polish analogue of the strictly ethnic nationalisms of the aristocracy-less "peasant" nations of East Central and Eastern Europe. In the restored Polish Republic after 1918, the protagonists of this tendency vehemently insisted that ethnic Poles be masters in their own house and, as a corollary, were strongly reluctant to permit any participation in political life to Poland's minorities (German, Jewish, Ukrainian, White Russian), who accounted for approximately thirty per cent of her population.[2] This school was chauvinist even where socially progressive, and its intense nationalism led it into political alliance with clericalism, for the Roman Catholic faith was regarded as one of the major repositories of the essence of Polish nationhood.

In foreign policy, the first tradition, state-oriented and insurrectionary, looked primarily to expansion and consolidation toward the east, where the pre-partition Commonwealth had held vast Lithuanian, White Russian, and Ukrainian lands in a quasi-federal relationship with Poland proper. Crudely put, therefore, it was primarily anti-Russian (and later anti-Soviet), whereas the second, positivist-nationalist, camp was more fearful of German expansionism as the age-

[2] According to the census of 1921, in which nationality was determined by ethnic definition, out of a total population of 27,177,000 there were 18,814,000 Poles (69.2%). In 1931, mother tongue became the operational definition of nationality. The census of that year gives 21,933,000 (68.9%) who spoke Polish as their mother tongue among a total population of 31,916,000. In 1921 there were 2,110,000 Jews (7.8%), while in 1931 the number of Yiddish speakers was 2,489,000 (7.8%) and of Hebrew speakers 244,000 (0.8%). The German population declined during the decade from 1,059,000 (3.9%) to 741,000 (2.3%). Of the Eastern minorities, the Ruthenians in 1921 numbered 3,898,000 (14.3%), the White Russians 1,060,000 (3.9%), and 49,000 (0.2%) people—mainly in Polesia—gave their nationality simply as "local" (tutejsi). By 1931 the linguistic criterion indicated 3,222,000 (10.1%) speaking Ukrainian, 1,220,000 (3.8%) Ruthenian, 990,000 (3.1%) White Russian, and 707,000 (2.2%) "local" dialects. The minorities accounting for less than 1% of the population were the Lithuanians, Russians, and Czechs. Statistics from Werner Markert (ed.), *Polen* (Cologne, 1959), 37.

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old and presumably permanent threat to the Polish nation. In contrast to Pilsudski's military activities against Russia in the First World War, the National Democrats endorsed the war effort of the Tsarist Empire in which they saw both a Slavic shield against the German aggressor and a vast market for those Polish industries which their "positivist-organic" orientation was fostering.

There was also in the restored Poland after 1918 a group of conservative land-owning nobility with ideological headquarters in Wilno and Cracow. Although identifying themselves during the partition period with the Tsarist and Hapsburg empires, they still embodied the state-oriented traditions of the pre-partition Commonwealth. During the first years of the restored Republic they were excluded from political power by the electoral principle of the rural masses that "peasants elect peasants"; they were also self-excluded by their unwillingness to contaminate themselves with involvement in the democratic political processes of the Republic. Divided from the Piast Peasant party by its professed, but hardly militant, espousal of land reform and from the National Democratic-led Right by that camp's raucous chauvinism and bourgeois-urban political outlook, these conservatives were actively wooed during and after the crisis of 1926 by Pilsudski, who regarded them (exaggeratedly) as a stratum (they were in fact only a club or coterie) with a state-building tradition desperately needed by a Poland on the verge of disintegration thanks to incessant party and factional strife. Nor was Pilsudski deterred from this endeavor by the consideration that a *rapprochement* with these conservatives could be effected only at the price of repudiating the expectations of his earlier and traditional comrades of the Left. His impatience with domestic political strife had, by 1926, come to be extended to parties *per se*. An adequate appreciation of the institutional as well as the political power of Polish parties during the pre-*coup* years and of Pilsudski's exasperation with them requires a brief review of the origins and provisos of the constitution of restored Poland.

II

The Polish constitution of March 17, 1921, had been

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drafted by a commission of nine members designated early in 1919 by a unicameral Constituent Sejm elected on January 26, 1919, and dominated by the parties of the Right.[3] The chairman of the drafting commission was Professor Edward Dubanowicz of Lwow University, a constitutional lawyer closely associated with the rightist National Democrats, who later was even to flirt with monarchism.[4] The Right feared that Pilsudski, whom it detested as a prewar Socialist, as the organizer of the Legionary struggle against Russia and thus as *de facto* wartime ally of Germany (which the Right regarded as Poland's major and hereditary foe), as the protagonist of federalist notions for organizing East Central Europe and therefore as the presumed champion of Poland's national minorities, and as the incarnation of the Polish insurrectionary-statist tradition with its contempt for the Right's own positivist-organic outlook, would become president since he was so obviously the spectacular hero of Poland's resurrection as an independent state. The Right therefore decided to tailor the constitution to suit its own apprehensions and gave Poland a basic charter providing for an emasculated presidency and an omnipotent legislature. The state institutions of the republic were thus shaped *ad personam*—a fatal political procedure. (Particularly crippling for any presidential ambitions which Pilsudski might have entertained was Article 46 which, while making the President titular head of the armed forces, prohibited his exercising command in wartime.) Ironically, just as the Right in 1919–1921 violated its own general belief in a strong executive and, for fear of Pilsudski, proceeded to cripple the presidency as an institution, so in May 1926 the Left, out of resentment against the policies of the Sejm's dominant Right-Piast coalition, was to help this same Pilsudski stage a military *coup d'état* against the parliamentary institutions which the Left in principle championed.

Pilsudski's response to the constitutional engineering of

[3] At the time of the January 1919 elections, the Polish frontiers, especially in the east, were still indefinite. The elections took place only within the areas controlled by Polish authorities on January 26, 1919, and later in Poznania and Wilno. In effect, therefore, the eastern minorities were excluded from representation in this Constituent Sejm which kept itself in power during the first four crucial years of the organization of the new state.

[4] Marjan Porczak, *Rewolucja majowa i jej skutki* (Cracow, 1927), 8.

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the Right was to refuse to permit his name to be placed in nomination at the time of the first presidential election of December 9, 1922. He had been Chief of State since the resignation of the wartime Regency on November 14, 1918, and had been confirmed in that title and post by the Constituent Sejm on February 20, 1919. Politically, the source of his authority during these early years had been a general, pervasive sense of national acclamation in recognition of his wartime exploits as leader of the armed struggle for a revived Polish state.[5] Upon his declining election to the largely ceremonial office of the presidency under the new constitution, the National Assembly (Sejm and Senate) on December 9, 1922, elected his friend Gabriel Narutowicz on the fifth ballot by a vote of 289 to 227. The winning coalition was composed of Left-Center-National Minorities. A week later, on December 16, 1922, while opening an exhibition in Warsaw, the new president was assassinated by a Rightist fanatic, Eligjusz Niewiadomski, because he had been elected with the aid of non-Polish votes. This murder deepened the chasm between Left and Right in Poland and especially between the Right and Pilsudski, for Niewiadomski's trial brought out the fact that Pilsudski would have been the preferred victim. Niewiadomski was executed in the Warsaw Citadel, and his grave became a place of pilgrimage for the Right. Pilsudski never forgave the National Democrats and other Right parties for what he regarded as their moral responsibility for the murder of Poland's first president.[6]

On December 20, 1922, the same Left-Center-National Minorities coalition, by a vote of 298 to 221, elected to the presidency another political colleague of Pilsudski, the prewar socialist and founder of Poland's cooperative system, Stanislaw Wojciechowski. The victorious coalition broke

[5] See Marian Romeyko, "Pierwsze dni niepodleglosci i zamach stanu," *Kultura*, No. 12/158 (1960), 81–100.

[6] "This crime did more than any other stroke of fate to make the Marshal [Pilsudski] an embittered man. . . . The gravest consequence of the assassination . . . was probably its effect upon Pilsudski's mind. . . . He had no reserves of patience, and the notion that the Right were murderers fermented in his brain." W. F. Reddaway, *Marshal Pilsudski* (London, 1939), 171. The deputies of the Right had, as a body, boycotted Narutowicz's inauguration on December 14. William J. Rose, *The Rise of Polish Democracy* (London, 1944), 161. Niewiadomski (1869–1923) was a painter and professor of art history.

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up soon thereafter as Wincenty Witos took his Piast Peasant party into partnership with the Right in the spring of 1923.

The office to which Wojciechowski had been elected under the constitution of March 17, 1921, was so weak as to be almost a caricature of the French presidency under the Third Republic. Elected by the National Assembly for a seven-year term, the President had neither legislative initiative nor a veto and he could dissolve the Sejm, the lower but stronger house, only with the assent of three-fifths of the total number of 111 Senators in the presence of at least half the 444 Sejm deputies, the Senate thereby dissolving itself simultaneously. In fact, these provisions for presidential dissolution were a dead letter and their ineffectiveness became an important factor feeding into the crisis of 1926. Equally inoperative was the power of the Sejm to dissolve itself by a two-thirds vote.

In effect, executive power rested with the cabinet, which was dependent on a Sejm majority. The large number of parties—there were at least ten Polish parties during the early 1920's, not counting the half-dozen or more national minority parties [7]—and their tendency toward splits, schisms, excessive maneuvering for office, and frequent change of partnerships, rendered the Sejm majorities highly unstable. Ministerial upheavals were consequently frequent. The cabinet which Pilsudski ousted by his *coup* of May 1926 was Poland's fourteenth since November 1918—not counting "replasterings" of portfolios within any one cabinet.

III

This instability tended to weaken the ministers vis-à-vis both party leaders and even individual deputies. The minister, frequently so transient as to be unable to familiarize himself adequately with the work of his department, was

[7] Ignacy Daszynski, *Sejm, rzad, krol, dyktator* (Warsaw, 1926), 28. In a later book, *W pierwsza rocznice przewrotu majowego* (Warsaw, 1927), Daszynski estimated that on the eve of the 1926 *coup* there were 28 parties and political clubs in the Sejm. See Ferdynand Zweig, *Poland Between Two Wars* (London, 1944), 44. Another estimate is that there were 59 political parties in Poland in the early 1920's of which 31 were represented in the Sejm or Senate where their members organized themselves into about 20 parliamentary clubs. See Antoni Czubinski, "Przewrot majowy 1926 roku," essay No. 13 in *Zeszyty naukowe uniwersytetu im. Adama Mickiewicza* (Poznan, 1958), 97.

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often bullied by party leaders into transforming both its policy and even its personnel into a party rampart. Individual deputies, acting as messengers for powerful interests and constituents, shamelessly applied pressure on both ministers and civil servants. The governments, in turn, would try to secure a deputy's support through judicious use of state credits, import and export licenses, land leases, forest concessions, state deliveries, and the administration of the alcohol and tobacco monopolies.[8] Ironically, the deputies who on the one hand would habitually exceed their authority by constant interference with administration, would simultaneously shirk their basic legislative and budgetary responsibilities through excessive recourse to delegated legislation and to *ex post facto* legalization of economic and fiscal departures by the cabinet.[9] A raucous and intensely partisan press aggravated the general political debasement and maximized the timidity of the ministers.[10]

While corruption and venality were probably not as extensive as the public thought them to be,[11] the very belief in their pervasiveness and ubiquity proved fatal to the prevailing political order. By 1926, the Sejm, though elected by universal suffrage, was out of touch with a public craving stronger and more disciplined and responsible government. The beneficiary of this decline in the prestige of the Sejm elected in 1922 in particular, and of parliamentary politics in general, was Pilsudski, who in May-July 1923 had followed up his earlier refusal of the presidency by resigning from his military functions and withdrawing into ostentatious but

8 Adam Krzyzanowski, *Rzady Marszalka Pilsudskiego* (Cracow, 1928), 51–52.

9 This tendency reached its apogee under the longest cabinet of the pre-1926 period, that of Wladyslaw Grabski, which was in office for nearly two years, from December 19, 1923, to November 14, 1925.

10 Daszynski, *Sejm*, 44.

11 Krzyzanowski, 52. The public's lack of confidence in the governmental apparatus sank to such a low level that unofficial lynch courts sprang up to mete out private justice. Thus in April 1926, as the former Minister of Posts (1919) and of Finance (1923), Hubert Linde, was being tried on charges of malfeasance in the administration of the funds of the Postal Savings Bank, he was shot down in the streets by vigilantes who lacked confidence in the ability or willingness of the public courts to administer true justice. See Porczak, 38–39; Daszynski, *W pierwsza rocznice*.

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intensely political retirement at his country house in Sulejowek, near Warsaw.

In addition to the faulty distribution of institutional powers under the constitution of March 17, 1921, another cause of the sorry tendency toward political deterioration was the heritage of the eighteenth-century partitions which not only had rent asunder the Polish nation and distributed it for over a century among three foreign powers with different political institutions and economic patterns,[12] but had also severed the Poles of the Prussian and Russian parts from positive participation in political life. Deprived of the opportunity to gain experience and responsibility in public service, they came to regard "the state" as foreign and hostile, while to bribe its officials, cheat it on taxes (especially direct taxes) and flout its regulations could be regarded as acceptable or even patriotic. This heritage plagued the restored Polish state in its initial years when only the economically poor but politically experienced former Austrian area of Galicia was in a position to furnish it with trained administrators. By the middle 1920's, however, this situation was rapidly improving as the Polish universities were graduating state administrators and economic managers of ability and dedication.[13] Popular contempt for the state as something foreign and to be cheated also declined, as did its curious corollary, the initial postwar expectation that the new Polish state had come primarily to give favors rather than to require sacrifices. In this area, too, the initial spendthrift period of "overdraft" had given way by the mid-1920's to a spirit of duty, work, and self-discipline. Unfortunately for Poland, parliamentary political life lagged behind this

[12] "On the day of their political unification, the three parts of Poland did not constitute a single economic unit. They had different systems of civil, commercial, and fiscal legislation. They belonged to differing customs units, to differing money and credit systems. . . . Before 1914 imports into the Polish area came, to the extent of 83.3%, from Russia, Germany, and Austria; from other countries came only 8.5% *while trade between the three occupied areas themselves amounted to only 8.2% of the total imports.* Exports from the Polish areas of Russia, Germany, and Austria amounted to 85% of total exports, those to other countries to 7%, *while the trade between the occupied areas amounted to only 8% of the total exports of these areas.*" Zweig, 13 [italics mine]. Communications between the three parts were as minimal as trade, despite the fact that the Vistula basin is a natural economic unit.

[13] Zweig, 16.

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new and healthier spirit animating the society and economy, thus increasing public exasperation with a Sejm which appeared to cling to the earlier habits of self-indulgence and irresponsibility already being rapidly abandoned by the public.[14]

IV

The assassination of President Gabriel Narutowicz on December 16, 1922, elicited the formation, later that same day, of a nonparty cabinet headed by General Wladyslaw Sikorski. Pilsudski, who had advised the Acting President, Marshal (Speaker) of the Sejm Maciej Rataj, to name Sikorski as Prime Minister, replaced the latter as Chief of the General Staff, an office which Pilsudski viewed as potentially more powerful than either the presidency or the premiership. Pilsudski thus seemed to have successfully established his own control over the army and to have "kicked upstairs" a military and political rival.

As Chief of State until the presidential elections of December 1922, as Chief of the General Staff thereafter, as the designated wartime Commander-in-Chief and as First Marshal of Poland, Pilsudski's organizational control over the armed forces appeared assured, especially since his close colleague, General Kazimierz Sosnkowski, simultaneously headed the War Ministry since August 9, 1920. In May 1923, however, Pilsudski's strong institutional position was undermined as the Right-Piast coalition ousted General Sikorski's nonparty government and formed a coalition cabinet headed by the Piast Peasant leader Wincenty Witos,[15]

[14] On this point I disagree with the Socialist leader Daszynski, who argued that Polish society was worse, that is, more selfish, irresponsible, and frivolous, than the politicians. See Daszynski, *Sejm*.

[15] On May 15, 1923, Witos laid the groundwork for his coalition with the Right by the "Pact of Lanckorona" in which he promised not to go beyond a modest degree of land reform in return for the Right's support of his ambition to be Prime Minister. On May 26, Sikorski was overthrown by this partnership on the specious pretext that a parliamentary-party regime would be more democratic than Sikorski's nonparty one. On May 28, Witos was installed as Prime Minister, effectively the hostage of the Right which dominated his cabinet. His alliance with the Right and his betrayal of the expectations of the peasantry for radical land reform led to the secession from his Piast party of left-wing groups led by Jan Dabski and Jan Bryl. In January 1926, these founded a separate Peasant party, the Stronnictwo Chlopskie.

Witos was well characterized by Stanislaw Thugutt, the leader of the more

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in which one of Pilsudski's stubborn foes from the old Austrian General Staff, General Stanislaw Szeptycki,[16] became War Minister on June 13, and in which Pilsudski's inveterate National Democratic enemies played the dominant role.

Regarding the new regime as composed of men bearing the moral responsibility for the assassination of President Narutowicz and aware that it was determined to purge the state apparatus of its opponents, Pilsudski decided to dissociate himself totally from the Right-Piast cabinet. On May 30, 1923, he resigned as Chief of the General Staff, in which office he was replaced by the ex-Austrian General Stanislaw Haller, and on July 2, in accordance with an earlier expressed intention, he withdrew from the chairmanship of the Inner War Council and as designate-Commander-in-Chief in wartime. He thereupon ceased to hold any official post in the state service and retired to the country house at Sulejowek—which his army comrades had presented to him—seventeen kilometers east of Warsaw. Pilsudski emphasized that the reasons for his resignation as Chief of the General Staff were political and had nothing to do with the work of that body.[17] To underline his differences with the government of the day, he ostentatiously refused to use for himself his pension, assigning it to the Stefan Batory University in Wilno, the city of his childhood. Henceforth, he supported

radical Wyzwolenie Peasant party: "Witos could have been a great peasant but, alas, chose to become the court fool of the gentry." Quoted in Wladyslaw Pobog-Malinowski, *Najnowsza historia polityczna polski 1864–1945* (London, 1956), II, 474, n. 29. In the 1930's he became more radical.

Sikorski, it seems, did not forgive the politicians of this Right-Piast coalition for toppling him. Though his quarrel with Pilsudski was as stubborn as theirs, he refused to come to their aid when the same coalition found itself under Pilsudski's attack in the *coup* of May 1926. The Right had already been hostile to Sikorski when he stepped into the assassination crisis on December 16, 1922, and was still suspicious when he later succeeded Sosnkowski as War Minister on February 17, 1924. *Ibid.*, 460.

16 Szeptycki had been Austrian Governor-General of Lublin in 1917–1918 (resigning in protest against the concessions made to the Ukrainians by the Central Powers in the negotiations at Brest-Litovsk) and commander of the Polish northern front during the Polish-Soviet campaign of 1920. He was a brother of the Uniate Metropolitan of Lwow, Roman Septyckyj, who was a world-famous patron of the cultural and national aspirations of the Ukrainian minority of Poland.

17 See his farewell speech to the officers of the General Staff in Josef Pilsudski, *Pisma zbiorowe* (Warsaw, 1937), VI, 19.

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himself and his family through lecture fees and royalties from his writings. These lectures, interviews, and writings were intensely polemical and political, their language often violent.[18]

The new government lost little time in taking its revenge. On June 13, 1923, General Szeptycki became War Minister and two weeks later, on June 27, he sent to the Sejm a new plan,[19] approved by the Witos cabinet on June 18, for the organization of the supreme command of the armed forces, to replace a decree of January 7, 1921, which Pilsudski had at that time issued in his capacity as Commander-in-Chief and which the Witos government regarded as having become obsolete with Pilsudski's retirement.[20] When a day later, on June 28, 1923, the Sejm grudgingly adopted a resolution to the effect that "Marshal Jozef Pilsudski, as Chief of State and Commander-in-Chief has deserved well of the nation" (by 162 to 88 votes, the rest of the 444 deputies not voting), the Interior Minister, Wladyslaw Kiernik of the Piast Peasant party, succumbed to the threats of the Right to oust him if he reproduced this resolution in public notices—as provided by law—and failed to do so.[21] The Right also sought to connect Pilsudski with two former army officers, Walery Baginski and Stanislaw Wieczorkiewicz, who were arrested during 1923 on charges of espionage and sabotage for Soviet Russia.[22] He was accused of dastardly private and public

18 His first publication after retirement was a lengthy pamphlet in memory of the murdered President Gabriel Narutowicz, reprinted in Pilsudski, VI, 36–59.

19 Szeptycki's project is reprinted in Pilsudski, Annex I, Vol. VIII, pp. VI–VIII.

20 Bohdan Podoski, "Organizacja naczelnych wladz obrony panstwa. Skic historyczny," 5 (An unpublished manuscript in the archives of the Pilsudski Historical Institute in London.)

21 This incident is recounted in an unpublished fragment of the memoirs of President Ignacy Moscicki preserved in the archives of the Pilsudski Historical Institute in London.

22 Michal Pietrzak (ed.), "Jak doszlo do wojny domowej. Przewrot majowy," *Kwartalnik historyczny*, LXVI (1959), 129. The Right also hoped to link Pilsudski with the insurrectionary incidents of November 1923 in Cracow. As for Baginski and Wieczorkiewicz, they were condemned to death, pardoned by the President, scheduled for deportation to Soviet Russia in exchange for two Poles, and murdered by a Polish official on March 29, 1925, as they were being taken to the border-crossing point. The murderer was let off with two years' detention. See Pobog-Malinowski, II, 432. It has been

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crimes in whisper campaigns, spied upon at Sulejowek,[23] and the atmosphere around his person became increasingly bitter.[24] In a speech at a farewell banquet tendered in his honor by about two hundred friends and supporters on July 3, 1923, in the "Sala Malinowa" of the Hotel Bristol in Warsaw, he expressed his deep disappointment with trends in Poland, which he alleged was sinking into a political and moral swamp, and explained that he was retiring because he regarded the Right-Piast politicians then in power as responsible for both the attempted character assassination of his own person as well as the all-too successful physical assault on the life of President Narutowicz.[25]

V

The Right-Piast cabinet, in which Witos, though Prime Minister, was in effect the willing hostage of the Right, fell on December 14, 1923, in consequence of its failure to satisfy the peasants' hunger for radical land reform or to stem a disastrous inflation. When Witos took office in May 1923, the U.S. dollar had brought 53,375 Polish marks. By No-

suggested that Wieczorkiewicz and Baginski were in fact Polish counteragents within the Communist movement, killed in error.

23 On March 18, 1924, there opened in Warsaw the court martial trial of one Lieutenant Blonski of the Second (Intelligence) Department of the General Staff on the charge of having made false depositions. Blonski had stated that in October 1923 he had been requested by his superior, Major Pieczonka, who in turn was allegedly acting on the instructions of General Stanislaw Haller, Chief of the General Staff, to invigilate and spy on Pilsudski at Sulejowek, for which purpose money and assistants would be put at his disposal. On March 21, 1924, Pilsudski testified at the Blonski trial that he had indeed been spied upon over many years. (His testimony is reprinted in Pilsudski, VI, 212–217.) On November 19, 1924, the trial was suspended as a result of the prosecution's withdrawal of its charges against Blonski. See Fryderyk Wierzbinski, *Warszawa nie odpowiada* (Warsaw, 1960), 47–51. For Blonski's later role in the *coup* of May 1926, see Jan Rzepecki, *Wspomnienia i przyczynki historyczne* (Warsaw, 1956), 45.

24 Among Pilsudski's alleged offenses were the theft of Poland's royal regalia and treasonable relations with the Bolsheviks during the campaign of 1920. The latter allegation was a distortion of the nature of Pilsudski's contacts with Lenin during the Autumn of 1919, when each regarded the Denikin army as a threat to his own position since that army was both anti-Soviet and dedicated to regaining Imperial Russia's frontiers, which had included the lion's share of Poland.

25 The speech is reprinted in Pilsudski, VI, 24–35. The banquet was attended by representatives of the arts and sciences and politics, including the first postwar premier, the Socialist Jedrzej Moraczewski, who also addressed the gathering, as did some other guests.

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vember, the dollar fetched 6,050,000 Polish marks.[26] Witos' inability to halt the steeply spiralling cost of living led to serious labor unrest which in Cracow took on insurrectionary proportions early in November.[27] Witos was brought down by a combination of the Socialist (Polska Partia Socjalistyczna-PPS) and radical Peasant (Wyzwolenie and Jan Dabski's and Jan Bryl's secessions from Piast) parties. Witos' cabinet was replaced on December 19, 1923, by a supra-party cabinet headed by the financial expert Wladyslaw Grabski, who had once before been Prime Minister for a month in the summer of 1920 (June 23–July 24) and had also served during two extended periods as Finance Minister (December 13, 1919–November 26, 1920; January 13–July 1, 1923). Grabski now took on the finance portfolio as well as the premiership.

Grabski's cabinet was a mixture of politicians and of experts and it governed largely through delegated legislation—an incipient indication of the Sejm's declining authority and prestige and a first step toward its eventual impotence. On January 5, 1924, a reluctant Sejm granted Grabski extraordinary economic decree powers (which it had not given Witos) and thereafter it habitually, if petulantly, tolerated Grabski's energetic measures. President Wojciechowski, in turn, gave Grabski all his institutionally limited support.

For twenty-three months Grabski governed with vigor. On April 14, 1924, he replaced the hopelessly inflated *mark* with a new unit, the *zloty*, equivalent at par to the French gold franc and with an official U. S. dollar parity of 5.18. The old *mark* was exchanged for the new *zloty* at a ratio of 1,800,000 to one. Simultaneously, the issuance of the *zloty* was conferred on a new Bank Polski (Bank of Poland), founded on April 15 with a capital of 100,000,000 *zloty*, and the lacerated Polska Krajowa Kasa Pozyczkowa (Polish Land Loan Office) was liquidated. Taxes were henceforth collected with resolution after being revalorized to the new currency.[28]

Supported by public opinion, Grabski refused to place the country under the fiscal control of the League of Na-

26 Zweig, 36.

27 Violence also erupted in Boryslaw and Tarnow. Troops were called out to quell the disturbances.

28 Krzyzanowski, 58–60; Zweig, 39–41.

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tions as this was considered an infringement on sovereignty. As a result, however, foreign money markets became rather inhospitable for the floating of Polish loans and their terms of interest became harsh. Although the *zloty* remained for some time stable in relation to foreign currencies, internal prices began to rise steeply after December 1924, thus leading to sharply adverse trade balances.[29] The budget could not be balanced nor price and wage control maintained. Indeed, wages were in many industries geared to the rising living costs. The return on a capital levy was also disappointing as was the 1924 harvest, which necessitated food imports.[30] Finally, on June 15, 1925, Germany halted its imports of Polish coal and launched a tariff war which caused great hardship and sharply rising unemployment in Poland.[31]

Grabski's program was overly ambitious, attempting to

29

	Imports (in *zloty*)	Exports (in *zloty*)
First half of 1924	712,944,000	656,491,000
First half of 1925	1,047,000,000	630,085,000

Statistics from Pobog-Malinowski, II, 466.

30 The 1925 harvest, on the other hand, was good, but it was good throughout Europe. It did not, therefore, facilitate the export of Polish agricultural products. In 1926 the Polish harvest was disastrous.

31 "In the first years of Polish independence Germany absorbed nearly 50% of Polish exports and supplied about 40% of the imports. The German-Polish Upper Silesia Convention of 1922 provided that Germany should import from Polish Upper Silesia, free of duty, 500,000 tons of coal per month until June 15, 1925. After that date Germany refused to take Polish coal, and asked for political concessions in respect to German minorities. . . . Shortly afterwards she prohibited the import of Polish timber and agricultural products, thus starting a tariff war, which lasted until March 17, 1930, when a commercial treaty was signed at Warsaw. Negotiations, which had begun as far back as March 1925, had been broken off six times, mostly for political reasons." Zweig, 11. Polish-Soviet trade, in turn, was virtually nonexistent throughout the interwar period and Polish cities which before the First World War had produced for the Russian market, Lodz, Zawiercie, and Zyrardow, for example, were hard hit.

More specific figures on German-Polish foreign trade during the interval between the Upper Silesia Convention and the customs war of 1925–1930 are given in Czubinski, "Przewrot majowy," 89. Citing Franciszek Fiedler, *Tlo gospodarcze przewrotu majowego* (Cracow, 1927), 48, he presents the following estimates of German-Polish trade as a percentage of all Polish foreign trade:

Year	Polish imports from Germany	Polish exports to Germany
1922	37.0%	49.5%
1923	43.6%	50.6%
1924	34.6%	43.2%
1925 (first half)	34.0%	50.0%

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superimpose an expansion of the state's economic activities and the construction of state factories on the task of financial stabilization. Already on May 29, 1925, Vice Premier Stanislaw Thugutt had resigned from the cabinet in order to free his Wyzwolenie Peasant party from shared responsibility for the worsening economic situation. In July, the *zloty* plunged so seriously from its gold moorings that Foreign Minister Aleksander Skrzynski and the Vice President of the Bank Polski, Dr. Feliks Mlynarski, were hurriedly sent to New York in vain attempts to raise further American loans. (Dillon, Read & Company had floated one in the spring of 1925 for the sum of $23.5 million at eight per cent). Approaches to London proved equally unavailing.

By August 1925 the gold reserves of the Bank Polski were dangerously depleted in consequence of the widening gap in the balance of payments and a new depreciation of the *zloty* set in. Finally, on November 12, 1925, the president of the Bank Polski, Karpinski, refused to sell any further gold or foreign securities to support the parity of the *zloty*. Grabski resigned the next day, refusing to remain in office even on a caretaker basis pending the formation of a new cabinet and urging the formation of a government of national unity to confront the country's desperate situation. Left no choice, President Wojciechowski had to accept the resignation on November 14, 1925. Significantly, the Grabski cabinet had been overthrown by public unrest and by the Bank Polski, not by the Sejm which as late as October 23 and November 11 had given Grabski narrow but adequate votes of confidence,[32] nor by the President whose particular *homme de confiance* Grabski remained.[33] The cabinet's fall was thus interpreted as a failure not only of democracy but even of semi-democracy, for democracy was assumed to have already failed with the granting of discretionary decree powers to Grabski on January 5, 1924.

32 Krzyzanowski, 69. The confidence was granted by votes of about 180 to 160. The opposition consisted of the extreme Left, the National Minorities, and Witos' Piast Peasant party. The Socialists (PPS) supported Grabski to the end for fear of worse. Aleksander Chrzaszczewski, *Od sejmowladztwa do dyktatury* (Warsaw, 1930), 143.

33 For his earlier successful financial reforms, Grabski had been rewarded by a grateful and impressed President Wojciechowski with Poland's highest order, that of the White Eagle. Krzyzanowski, 53.

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Another drastic inflationary spiral began immediately. Unemployment increased steeply. Public disillusion was profound as the great sacrifices made since 1923 appeared to have been in vain.

Pilsudski was clearly the beneficiary of the general atmosphere of crisis and frustration.[34] But his day had not yet come.[35] The parties decided on one more try at a broad parliamentary coalition and on November 20, 1925, a cabinet headed by the Foreign Minister of the outgoing Grabski cabinet, Aleksander Skrzynski, took office.

VI

Ominous was the manner in which the Skrzynski cabinet was formed. The parliamentary leaders of the five member parties—National Democratic, Christian Democratic, Piast Peasant, National Labor, and Socialist (the Wyzwolenie Peasants were the one major party to decline participation)—distributed the portfolios and then invited Skrzynski (who had been Foreign Minister under Sikorski from December 16, 1922, to May 26, 1923, and again under Grabski since July 27, 1924) as a nonparty man to head this cabinet. The Prime Minister (who also retained the Foreign Affairs portfolio) was thus virtually an outsider in his own government.[36] He owed his position to the fact that the party leaders did not trust each other sufficiently to agree on an outstanding political figure as prime minister[37] and to the expectation that his high reputation in the West (he was one of the architects of the Locarno system) would facilitate Poland's quest for loans and credits there.[38] Known as the

[34] The Socialist leader, Ignacy Daszynski, had spent the summer of 1925 writing a laudatory biographical brochure of Pilsudski to whom he obviously expected Poland to turn in her travail and in whose democratic inclinations he still had confidence. See Ignacy Daszynski, *Wielki czlowiek w polsce. Skic psychologiczno-polityczny* (Warsaw, 1925).

[35] The pro-Pilsudskist historian, Wladyslaw Pobog-Malinowski, II, 469, asserts that on the morrow of Grabski's fall Pilsudski was persuaded by Maciej Rataj, the Marshal of the Sejm, tentatively to agree to join a nonparty cabinet of outstanding individuals but that nothing came of this plan as the Sejm politicians were not yet ready for it and President Wojciechowski applied no pressure on them to accept it.

[36] Kajetan Morawski, "Przewrot majowy," *Wiadomosci,* XII (1957), 1.

[37] Krzyzanowski, 72.

[38] *Frankfurter Zeitung,* April 22, 1926. Skrzynski's main, indeed virtually

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government of "national concord," this five-party coalition was a particularly inept one as it was composed of parties with diametrically contradictory fiscal and economic theories in a situation of immediate and intense fiscal-economic crisis. The National Democrats had insisted on holding the portfolios of Finance (Jerzy Zdziechowski) and Education (Stanislaw Grabski, brother of Wladyslaw) as their price for entering the cabinet, while the Socialists were determined to force pump priming and welfare spending on the government through their control over the ministries of Public Works (Jedrzej Moraczewski) and Labor-and-Welfare (Bronislaw Ziemiecki). Though the assignment of the War Ministry to General Lucjan Zeligowski had briefly purchased what amounted to Pilsudski's initial benevolent neutrality, the cabinet was wracked by too many internal contradictions to be able for long to avoid a schism or to take a strong position on any controversial issue.

On February 7, 1926, Minister of Public Works Moraczewski resigned on the issue of the cabinet's inability to resolve the chronic dispute over the proper organization of the supreme command of the armed forces to Pilsudski's satisfaction. Significantly, his replacement, Norbert Barlicki, who took office on February 13, was selected not by Skrzynski but by the Socialist party leaders.

In March and April 1926, the *zloty* broke.[39] Bank deposits were withdrawn in panic and twenty banks failed.[40] Unemployment inched toward the disaster figure of 400,000 —which did not even include youths entering the labor market for the first time, nor did it include the approximately two million "superfluous" village poor.[41] Demonstra-

exclusive, interest was foreign policy. Even during his premiership, he spent extended periods abroad in his simultaneous capacity as Foreign Minister.

[39] The official dollar-*zloty* rate rose between April 6 and 21 from $1 = 7.9zl. to $1 = 9.9zl., a 25% rise in two weeks. On the free market the dollar brought 12 *zloty* on April 20. *Frankfurter Zeitung*, April 21, 1926.

[40] Zweig, 41.

[41] Officially registered unemployment statistics, as rounded out by Pobog-Malinowski, II, 465–472, were as follows:

First quarter 1925 — 185,000	December 1925 — 300,000
September 1925 — 195,000	January 1926 — 341,000
October 1925 — 220,000	February 1926 — 362,000
November 1925 — 240,000	April 1926 — 400,000

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tions of unemployed and riots—with attendant loss of life and subsequent arrests—took place in the streets of Kalisz, Lodz, Lublin, Lwow, Stryj, Warsaw, and Wloclawek.[42] Calls for dictatorship became ever more general and open. Even those who opposed dictatorship demanded early constitutional revision so as to strengthen the President and give him effective power to dissolve the Sejm.[43]

The Rightist (National Democratic) Finance Minister Jerzy Zdziechowski insisted on a thoroughly deflationary policy toward the crisis, namely: [44] severing the automatic correlation of wages to prices (or, the abolition of the cost-of-living bonus), dismissing 18,000–25,000 railroad workers, sharply reducing (by about thirty-five per cent) compensation payments to the sick, the disabled, and the aged,[45] raising taxes by ten per cent—except for the tax on real property—and instituting a head tax of five *zloty* per person, raising the price of gas, electricity, oil, salt, tobacco, matches, and alcohol so as to "commercialize" these state enterprises and monopolies.

The Socialists also wished to balance the budget but not at the blatant expense of workers, employees, and civil servants. They were caught in a double embarrassment. Initially they suggested saving expenditure by reducing police and army outlays, but dropped the latter proposal at the re-

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In a vain attempt to relieve this appalling burden by opening up the Russian market to Polish industry, a group of Sejm deputies from ultra-left and minority parties traveled to Moscow early in 1926 for trade talks which turned out to be abortive. See Alfred Fiderkiewicz, "Wyprawa poslow polskich," *Polityka*, II (1958), 4.

42 *Frankfurter Zeitung*, February 10, April 3, 9, 10, 15, and 27, 1926.

43 This was the common theme of three books published in the spring of 1926 by men of such differing political positions as the Socialist, Daszynski, the National Christian, Dubanowicz (who, ironically, was the author of that constitution for whose revision he was now calling and who in 1919–21 had insisted on a weak presidency out of fear of Pilsudski), and the Piast leader Witos. See Daszynski, *Sejm, rzad, krol, dyktator;* Edward Dubanowicz, *Rewizja konstitucji* (Poznan, 1926); Wincenty Witos, *Czasy i ludzie* (Tarnow, 1926). The various political parties were also demanding more-or-less radical changes of the constitutional and electoral laws. See *The Times* (London), March 1, 1926.

44 See *Frankfurter Zeitung*, April 12, 19, and 27, 1926; Pobog-Malinowski, II, 472; Zweig, 41; Wierzbinski, 72.

45 Affecting, among others, 60,000 war wounded. *Frankfurter Zeitung*, April 27, 1926.

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quest of their former comrade Pilsudski,[46] whom many among them still considered as one of their own. Initially, also, they agreed to a three-months' reduction in the cost-of-living bonus of state employees but, embarrassed by the Communist pressure on their left and the outraged response of those affected, reneged on this concession toward the end of March.[47] They then also demanded an immediate investment of 300,000,000 *zloty* in construction and industry so as to break the unemployment curve, a capital levy to raise 85,000,000 *zloty*, and an increase in the real property tax.[48] Upon Zdziechowski's refusal to consider such a policy, Sejm Marshal Rataj summoned an abortive conference of political leaders on April 18, 1926.[49] The discussion was more formal than genuine as each side had for days been warning that it would not retreat. Failing to force the substitution of their own fiscal-economic program for Zdziechowski's, the Socialists on April 20 withdrew their Ministers Norbert Barlicki (Public Works) and Bronislaw Ziemiecki (Labor-and-Welfare) from the cabinet.

The next day Skrzynski offered President Wojciechowski the resignation of his entire cabinet but was persuaded to delay this step until the Zdziechowski budget estimates for May and June had been accepted by Sejm and Senate [50] and in order to avoid a governmental vacuum at the critical time of the workers' May Day demonstrations.[51] The Right and Piast leaders, who had been negotiating with each other

[46] *Frankfurter Zeitung*, April 19, 1926.

[47] *Le Temps*, March 28, 1926; Krzyzanowski, 75. Civil servants and employees of the national government with their families numbered 2,132,000 in 1925 (or 8% of the population). If local government employees were added, the total would perhaps have been 10%. See X.X.X., "Joseph Pilsudski," *Le Monde Slave*, VI (1929), 9.

[48] Porczak, 40; Pobog-Malinowski, II, 472; *Frankfurter Zeitung*, April 19, 1926.

[49] Those attending were: Rataj, Prime Minister Skrzynski, Ignacy Daszynski, and Zygmunt Marek for the Socialists, Jerzy Zdziechowski and Stanislaw Glabinski for the National Democrats, Wincenty Witos for Piast, Karol Popiel for the National Laborites, and Jozef Chacinski for the Christian Democrats.

[50] Stanislaw Kutrzeba, *Polska odrodzona 1914–1928* (4th ed.; Warsaw, 1935), 290. The Left criticized, as allegedly partisan and unconstitutional, Wojciechowski's refusal to accept the resignation. See "Le Coup d'Etat de Varsovie," *Le Monde Slave*, III (1926), 4.

[51] Krzyzanowski, 75; *Frankfurter Zeitung*, April 22, 1926.

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during Easter at the Zakopane resort in the Tatra Mountains for a renewal of their Lanckorona Pact of 1923,[52] urged Skrzynski to replace the departing Socialists with members of their own parties and to carry on the government on such a reconstructed basis.[53] Skrzynski was, however, at that time convinced that Poland could not be governed against both Pilsudski and the Socialists.[54] He therefore provisionally reassigned the two portfolios on a nonparty basis (Public Works to Mieczyslaw Rybczynski; Labor-and-Welfare to Jan Jankowski), and, with May Day peacefully behind him and the May-June budget estimates passed, he resigned on May 5, 1926, thereby opening Poland's last and most severe pre-*coup* cabinet crisis. The Right and Piast leaders, intoxicated by their Easter negotiations at Zakopane, chose to disregard the skepticism of Skrzynski concerning the feasibility of governing Poland against both Pilsudski and the Socialists and to ignore a warning from General Sikorski, who was reported to have been present at Zakopane, that it would be fatal to attempt another Right-Piast cabinet until the army command question had been settled.[55] Their formation of a Witos-led cabinet on May 10 provoked Pilsudski's and the Left's violent riposte of May 12.

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52 Morawski, "Przewrot majowy," 1; *Frankfurter Zeitung,* April 9, 1926. For the original Lanckorona Pact, see footnote 15, above.

53 Morawski, "Przewrot majowy," 1; *Frankfurter Zeitung,* April 22, 1926.

54 Skrzynski announced that he would not attempt to head a cabinet based on only one political grouping. *Le Temps,* April 23, 1926.

55 Pietrzak, "Jak doszlo," 138; see *Frankfurter Zeitung,* April 9, 1926.

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THE UNITED STATES ENTERS EXPORT CREDIT GUARANTEE COMPETITION [1]

"I AM directing the president of the Export-Import Bank . . . to place our exporters on a basis of full equality with their competitors in other countries."
—President Kennedy in his message of February 6, 1961, to Congress on the balance of payments and gold.[2]

Recent concern with its balance of payments has focused official and business attention in the United States on methods of expanding exports. Successful exporting depends on many things, of which price, quality, delivery date, and the cost and availability of financing are among the more frequently-mentioned objective criteria. The reconstruction of the industrial countries of Europe and of Japan has reduced or eliminated the United States' competitive advantage in one or more of these criteria for some goods, especially manufactures. In the search for means of expanding exports in increasingly competitive world markets, both official and unofficial voices called attention to the well-developed export credit insurance or guarantee programs [3] of other industrial countries and to its relatively complete unavailability in the United States, and have argued that this lack handicapped the financing of American exports.

Simultaneously, other leading manufacturing nations, long restive concerning the availability of credit at less than their market rates or terms from agencies of the United States Government, have broadened their credit insurance pro-

[1] The author gratefully acknowledges financial assistance from a Sloan Foundation Research Grant received from the Amos Tuck School of Business Administration at Dartmouth, but the author alone is responsible for the views expressed and for possible factual errors.

[2] President Eisenhower a year earlier (March 17, 1960) directed the Export-Import Bank to guarantee short-term export credits (up to 180 days) against political risks such as war or foreign currency devaluation, and to offer exporters easier direct credit for one to five-year financing.

[3] The words insurance and guarantees will be used interchangeably in this paper in accordance with common usage in the context of export credits.

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grams and have expanded or are planning the expansion of credit schemes to help finance their exports. Tinder for an international credit conflagration appears readily available. Foreign countries that provide export credit guarantees include: Australia, Austria, Belgium, Canada, Czechoslovakia, Denmark, France, Germany (Federal Republic), Hungary, India, Ireland, Israel, Italy, Japan, the Netherlands, Norway, Spain, Sweden, Switzerland, Union of South Africa, and the United Kingdom. Some coordination and presumably control of competition has been provided by the International Credit Insurance Association (for private insurers) at Zurich and by the Union d'assureurs de Crédits Internationaux at Berne, known as the Berne Union, for governmental insurance programs. Neither organization coordinates direct credit, and as several countries operate both export credit insurance and export credit programs an overlapping has occurred and the efficacy of the Berne Union has been weakened.[4]

Export credit guarantees are inextricably related to the availability of credit, as they are designed to help mobilize credit that would otherwise not be available at all or at comparably advantageous terms. In practice, credit insurance is often a *sine qua non* for obtaining medium-term credit. An international comparison of export credit facilities would, however, not only involve consideration of the various governmental foreign aid programs and private financial institutions, but of the money and capital markets of these countries as well. The scope of this paper is more modest; it is primarily concerned with export credit guarantees, and with the impact of entry by the United States into a significantly-expanded export guarantee program. The first section of this article briefly compares the export credit insurance programs in the United Kingdom, Germany, and France and the more significant aspects of such insurance in some other industrial countries. The second section describes recent innovations by the Export-Import Bank of Washington (Eximbank) to broaden United States credit guarantee

[4] In addition to the United States, governments of such major industrial nations as the following participate in the granting of export credit: Austria, Belgium, Canada, Italy, Japan, the Netherlands, France, Germany, and the United Kingdom.

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operations. The third section is concerned with the effects of credit insurance underwritten by industrialized countries on underdeveloped nations; and the fourth section presents recommendations.

I. COMPARISON OF PROGRAMS [5]

Export credit insurance against the risk of the importer's becoming insolvent was written in the nineteenth century by private companies in several countries, but after the First World War some governments intervened because private insurers were unwilling or unable to provide cover for political and currency convertibility losses, especially to Eastern and Southeastern Europe. Following the Second World War, similar uncertainties, combined with the drive to regain export markets, led to an expansion of existing credit insurance programs and to the participation in them of an increasing number of governments. Furthermore, the "traditional" sources of export financing, the acceptance market and portfolio investment for short and long-term credits respectively, because of the risks involved and the relative shortage of capital in many countries, were not providing adequate resources. A credit insurer, like an acceptance house, adds an additional signature to that of the buyer and seller, and, especially when a government's name is added, transactions can be more easily financed. Credit insurance thus lends itself not only to facilitating short-term credit but also medium-term financing, the demand for which has increased with the expanded volume of trade in durable consumer and capital goods. Furthermore, competition for foreign markets, like competition for domestic sales, has increasingly required the seller to finance the transaction. Credit insurance enables exporters to expand their business by tapping additional external sources of funds and without jeopardizing their own financial position by the assumption of excessive risks.

Private companies insuring against insolvency and sometimes against default or delayed payment still operate in most countries, and the Trade Indemnity Co. Ltd., for ex-

[5] Data in this section concerning export credit insurance currently provided by western European countries derive from mimeographed report # C. B. 310A (March, 1961), of the Monetary and Economic Department of the Bank for International Settlements.

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ample, still covers about one eighth of insured British export credits. Private companies, however, do not insure for their own account against political, convertibility, and other such non-commercial risks. In France and Germany the insuring institution is a private company acting in behalf of the state, but in the United Kingdom most of the insurance is written by a government department. A public corporation is employed by Belgium, Canada, and Italy, whereas Denmark, Norway, and Sweden have each created a state agency. These apparent differences in institutional arrangements should not be overemphasized; the degree of government control is approximately the same in most countries, and in the last resort the state is always the guarantor of non-commercial risks and in many of them of commercial cover as well. The beneficiary of the credit insurance is normally the exporter, but in most countries it may also be the financing institution.

Competitive pressures have tended to eliminate differences in national export credit insurance programs, but complete uniformity has not been achieved. The principal variables of these schemes are categories of exports eligible for credit insurance, the types of policies available, the risks underwritten, the extent of the coverage, premium rates, and financial results.

The British Exports Credit Guarantee Department (ECGD), the Compagnie Francaise d'Assurance pour le Commerce Extérieur (COFACE), and Germany's Hermes-Kreditversicherungs-A.G. (for covering sales to non-governmental buyers), and Deutsche Revisions und Freuhand-A.G. (for exports to official buyers) will all insure export credits for capital and consumer goods as well as certain services. The British coverage for services appears to be the broadest, but most all other European countries cover some services, as do Canada and Japan. Whereas Britain, France, Denmark, and Japan cover the exploration of foreign markets, Germany does not, nor do Austria, Belgium, Italy, the Netherlands, Norway, Sweden, and Switzerland. Italy, which is broadening her program in order to be more competitive, has had the narrowest coverage and would normally insure only capital equipment or plant for which payment was to be made within four years.

The British program covers the risks of the buyer's insol-

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vency or default and such political risks as war, revolution, civil disturbance, and government actions which block or delay payment in sterling or that impose new licensing restrictions. The British will also cover many other causes for loss that may occur outside the United Kingdom, not within the control of the exporter or buyer and not normally insured commercially. France covers insolvency, but not default, and then only for short-term global policies; but it covers substantially the same political risks as the British. France also provides cover against natural catastrophes and certain exchange losses. Germany provides insurance against insolvency, but not against default, as well as the usual political risks. Cover is also available for German exporters compelled to accept a currency other than the contractual one, and against a deterioration of the buyer's position if it occurs prior to delivery.

All eight other European nations, as well as Canada, cover through government schemes the usual political risks, and all but Italy and Switzerland have covered commercial risks against insolvency. All but Belgium, Italy, and Switzerland cover the commercial risk of default or delayed payment, which is defined as six months overdue by most of these countries, but may, as in Canada, be as long as one year. Austria, Italy, the Netherlands, and Canada will cover certain natural catastrophes, and the Netherlands, Italy, and Sweden underwrite certain economic risks.

A discussion of risk coverage is incomplete, however, unless the types of policies are also taken into account, because coverage is sometimes affected by the type of policy that is made available.

The ECGD writes some twenty different types of policy for British exporters, the most common of which is a comprehensive guarantee that covers the whole export business of a firm for either one or three years and that may be restricted to selected markets, but which must offer sufficient diversification to reduce risks. Certain engineering and quasi-capital goods of fairly standard design and regular turnover can be covered for five years by endorsement to the aforementioned "comprehensive guarantee." For medium-term policies, a specific guarantee to facilitate the export of capital items not suitable for whole-turnover underwriting

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is available. Guarantees are also given to banks that have extended credit for over three years on contracts worth at least $100,000 to facilitate the export of capital goods.

In France (COFACE), the two main types of policy are: (1) short-term global policies that cover both insolvency and non-commercial risks on sales of consumer or semi-capital goods; and (2) specific policies covering non-commercial risks only for medium-term (and some short-term) transactions, of a maximum duration of five years after delivery, for the sale of capital goods or whole plants.

In Germany, the four main types of policy are for: (1) single transactions; (2) all transactions with a single buyer; (3) transactions with several buyers in one or more countries; and (4) the whole turnover of the exporter.

The other countries in aggregate display an even greater variety of policy types, but the principal variants, as suggested, are for specific transactions or for a substantial amount or all of an exporter's business, and provisions for the exclusion of certain categories of goods or transactions from certain varieties of risk coverage.

The basis for insurance is usually cost on pre-delivery policies and the invoice value for post-delivery. To compel the exporter to be somewhat selective and to avoid insuring profits, export credit insurance rarely covers 100 per cent of the base. In the United Kingdom, commercial risks are covered to 85 per cent, while coverage of political risks ranges from 90 to 95 per cent. The cover offered by the ECGD for developing the dollar market generally amounts to 50 per cent of the exploration costs insofar as this fails to bring about the expected results within a specified time. COFACE will cover French exporters for 80 per cent against losses due to insolvency in Europe or North America, and for 75 per cent elsewhere. Political and catastrophe risks are covered from 80 to 90 per cent. The coverage for exploration of foreign markets is 50 per cent of potential loss or 60 per cent if the beneficiary holds an "exporter's card." One hundred per cent of loss due to a rise in French prices above the limit set by the Commission des Garanties is covered, and full cover is also provided for insurable exchange losses. For German exporters, Hermes covers 80 per cent of production cost on pre-delivery policies, while for post-

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delivery policies the coverage is 70 per cent on commercial risks and 80 per cent of political and other insurable risks. Coverage for the other countries generally falls within the ranges indicated for the United Kingdom, France, and Germany. Promptness of payments, however, appears to vary considerably.

Although competitive pressures have tended towards standardization and administrative discretion has reduced some apparent differences, several significant variations remain. Until 1961, for example, Italy covered only capital goods, whereas the other countries discussed in this section also provided insurance for consumer goods. Partial cover is given for expenditures connected with the exploration of foreign markets by the United Kingdom, France, Denmark, and Japan, but not by other European nations. Losses due to exchange fluctuations are covered only by France, the Netherlands, and Japan, and, in some circumstances, by Germany and Sweden. France, Italy, and the Netherlands also provide guarantees against price increases during the production period. Both default and insolvency of non-governmental importers is covered by Austria, Holland, the British, Canada, Japan, and the three Scandinavian countries; but insolvency alone is insured by Belgium and Germany and by France on short-term global policies only. Italy and Switzerland do not cover commercial risks at all. But private companies in several industrial countries will insure export credits against losses due to insolvency and delayed payment. (The default of public authorities is regarded by all as an insurable political risk.) Other significant differences in coverage resulting from types of policies available also persist, but international competition is tending to liberalize the more conservative programs and to broaden the coverage of the more liberal schemes.

Premium Rates and Financial Results

A description of premium rates is complicated by the varieties of risks covered, which, as has been indicated, vary among the insuring countries, and by differences in the type of policy written, which may be for a specific transaction, for all sales to a given importing country, for global coverage, or for some other selection of risks. The availability of

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cover for certain risks in some countries is limited to global policies or other arrangements that are broader than specific transactions selected by the exporter.

France and Germany employ more or less standard scales of premium rates of their own. French rates are designed to reflect variations in the risks covered and the country of destination. German rates reflect the terms of payment and whether delivery is to be to a private firm or foreign government, but do not vary for different countries and are importantly influenced by the level of participation of the exporter in the risk. The United Kingdom does not employ a standard scale of rates, but sets a rate for each transaction. The ECGD claims to conduct its business on commercial lines, with premiums so calculated as to bring in sufficient income to cover losses and meet its administrative costs in full, and the results to date, although inconclusive, support the claim. Variables affecting ECGD premium rates include the risks covered, length of the credit, nature of the goods, country of destination, and credit standing of both the exporter and importer.

Export credit insurance schemes in general normally operate in accordance with the commercial principle of charging premiums that will, over a period, cover losses and administrative expenses. Existing European programs have a good record of financial management. Large losses have generally been short-lived (for example, in the United Kingdom in 1953-54 as a result of the Brazilian payments crisis) and subsequently recouped.[6] Most losses have resulted from political and conversion risks, while commercial losses have been low.[7] Though actual rates differ widely, the premium income for all business done by ECGD under short-term policies has averaged slightly under one half per cent of the price of the goods. Rates for medium-term business are correspondingly higher, and for a five-year installment credit

[6] The ECGD reported a surplus of £8 million for the year to March 31, 1961, which brought its cumulative credit balance to £29 million against total, mostly contingent, liabilities of £640 million. *The Economist*, May 13, 1961, 691.

[7] Germany has also reported losses mainly due to transfer difficulties in Turkey and Yugoslavia, but these losses, too, have been recovered, partially as a result of advances by the German Government to consolidate outstanding credits.

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may range between three and ten per cent of the contract price. German and French rates appear to be higher. However, it should be remembered that coverage differs, so that direct comparisons based on information available to outsiders is hazardous.

An evaluation of the adequacy of rates, however, is not clearly nor conclusively revealed by the financial results, because of the unresolved, and perhaps unresolvable, controversy concerning the identification of actuarially insurable risks and "uninsurable" uncertainties. Private companies have profitably insured against commercial risks, but have generally refused to insure against the many political risks including transfer difficulties. Thus, while an actuarial basis is conceded for commercial losses, the actuarial basis for the other risks is not firmly established and their high uncertainty plus the fact that such risks tend to be linked so that whole countries, rather than individual transactions, are threatened has left their underwritings to governments. The Economic Commission for Europe observes that while the favorable financial record, especially in the fifties, cannot be gainsaid, conditions were favorable because economic expansion generally prevailed and because the availability of government grants provided flexibility to capital importers.[8]

II. UNITED STATES EXPERIENCE

Domestic credit insurance against commercial risks has been written in the United States by private companies since 1889, and two companies now write a modest amount of such business.[9] In 1921, a firm was established to underwrite foreign insolvency risks, but its insurance activities were liquidated in 1932 because of the effects of currency devaluations and transfer difficulties. Until recently only one private company in the United States provided coverage against a foreign buyer's insolvency or failure to pay within nine months after the due date on both short and medium-term export credit transactions.

Pressure for government participation to broaden the available coverage to include political risks and to extend the cover provided against delayed payments led to the in-

[8] United Nations, *Economic Bulletin for Europe*, XII, No. 2 (Sept. 1960), 58.

[9] See C. W. Phelps, *Commercial Credit Insurance as a Management Tool* (Baltimore, 1961).

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troduction in the early 1950's of legislation in the Senate to create an export guarantee corporation. In response to enabling legislation the Export-Import Bank has, since 1953, insured U. S. cotton and tobacco held abroad on consignment against the risks of losses due to war or expropriation, and since 1954 it has expanded the use of exporter credit lines.

By 1960, however, more severe export competition underscored by balance of payments concern led to renewed interest and broader support for a U. S. export credit insurance program. As all truly comprehensive export credit guarantee systems are supported by governments, this signified an enlarged role for the U. S. Government. Before describing and evaluating recent actions taken by the Eximbank, let us review current sources of short and medium-term credit available to U. S. exporters.[10]

The American exporter and his foreign customer may obtain short-term credit from many of the sources available for the financing of domestic sales in their respective countries, but, of these, commercial banks and bankers' acceptances are most widely used. Factors and export discount houses also participate in this business, but ordinarily charge rather large fees. U. S. export acceptances are used primarily to finance sales of cotton, automotive products, scrap metal, foodstuffs, chemicals, and iron and steel products. They have occasionally served as a device for channeling short-term funds, other than those of commercial banks, into the financing of foreign trade. The volume of U. S. export acceptance financing has increased throughout the postwar period and has recently reached a new peak; but because of

[10] Long-term credit, it should be noted, also directly and indirectly helps finance exports, but long-term credit, investments, and investment guarantees represent too vast a subject to be considered in this article. In addition to the private investment market and corporate self-financing, the Export-Import Bank and the Agency for International Development also engage in long-term foreign credit and financing operations. For a good account of guaranty programs, see Marina von Neumann Whitman, *The United States Investment Guaranty Programs and Private Foreign Investment*, Princeton Studies in International Finance, No. 9 (Princeton, 1959). Long-term credit to help finance the purchase of exports from the U. S. and from other countries is also available from such international agencies as the International Bank for Reconstruction and Development, International Development Association, International Finance Corporation, and the Inter-American Development Bank.

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the increased importance of manufactured goods and alternative sources of funds for financing them, acceptances currently finance a smaller proportion of U. S. foreign trade than in the 1920's. The cost of acceptance financing consists of a commission charged by the accepting bank and the interest charge for discounting. The reinsurance commission is generally a flat one and a half per cent per annum for prime customers, while the discount charged reflects the prevailing open market rate for acceptances.[11] Commercial bank lending to American producers is of course commonplace, but non-recourse financing of exports by commercial banks has been done mainly by about half of the approximately 125 U. S. commercial banks that operate separate foreign departments. The majority of U. S. commercial banks have not directly financed foreign trade and many are quite ignorant of foreign credit instruments.

The principal sources of medium-term financing for U. S. exporters are those U. S. commercial banks with foreign departments, a few "Edge Act" corporations,[12] Transoceanic-AOFC Ltd. (a consolidation of Transoceanic Development Corp. Ltd. and American Overseas Finance Co., which will be referred to as AOFC), and the Eximbank. Some U. S. commercial banks lend directly to foreign enterprises and also extend medium-term credit by purchasing a portion of the promissory notes given to a U. S. exporter by the importer. Lines of credit and other arrangements are also used. Two to four years for export credits is generally the limit for commercial banks. In the case of project loans to foreigners, the U. S. banks usually leave the longer maturities for others, such as the Eximbank, the Development Loan Fund, or the World Bank. For non-recourse export credits, the commercial banks normally require that the

[11] "Bankers Acceptances," *Federal Reserve Bank of N. Y. Monthly Review* (June 1961), 94–100.

[12] Under the Edge Act, an amendment passed in 1919 to the Federal Reserve Act, and rules of the Federal Reserve Board, Edge Act corporations may provide loan and equity capital to overseas enterprises that do not operate in the U. S. The Edge Act permits the establishment of two types of banks, commercial banks and investment banks. Bank of America, New York, a subsidiary of Bank of America National Trust and Savings Association (San Francisco), is an example of the first type; and Chase International Investment Corp., a subsidiary of the Chase Manhattan Bank, exemplifies the second.

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buyer make about a twenty per cent cash payment to the exporter who in turn is required to participate in about fifteen per cent of the financed portion of the sale. Edge Act corporations, such as the Chase International Investment Corporation, are important not only for their own resources but also because they can tap additional sources of private capital. Their lending is often accompanied by equity or equity-type features which tend to vary considerably in each case. The Transoceanic-AOFC Ltd. is the sole private financial institution extending medium-term credit for U. S. exports as a major part of its business. It also engages in development financing outside the United States and Canada, and makes direct equity investments in foreign enterprises. Typically, AOFC will establish a revolving line of credit for an importer, or it will buy on a substantially non-recourse basis from the exporter notes he has received from his overseas customer. Its development financing is restricted to certain types of projects, such as manufacturing and mining, and is usually for no longer than five years.

Direct short-term financing is not offered by the Eximbank on the grounds that such financing is available from commercial banks and other private sources. The Eximbank's medium and long-term loans, however, make it the single most important institution financing the export of U. S. capital goods. The Bank's credits to overseas purchasers, which are mainly long-term project loans, are several times the dollar volume of the medium-term financing authorized by it in response to requests by U. S. exporters. Purchases with the proceeds of all Eximbank loans must be made in the United States and are subject to certain other general policy restrictions. On exporter credit and credit lines, the Eximbank generally provides credit up to sixty-eight per cent of the exports' invoice value without recourse, the remainder must usually be covered by a twenty per cent initial cash payment by the importer and a twelve per cent participation by the exporter. Once the exporter has established the credit standing of a foreign customer to whom a number of sales are anticipated, the Eximbank will establish a line of credit. The Bank requires for all medium-term assistance that: (1) payment of the financed portion be made in equal installments ordinarily not less often than semi-annually; (2) the

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number of such installments should not exceed those customary in commercial practices; and (3) the rate of interest paid on outstanding balances should not be less than that customary in the private market.

Since 1960 the Eximbank has introduced a series of programs to assist the financing of short and medium-term export credits. To help exporters obtain funds from their own banks the Eximbank began in 1960 to participate in the financing of medium-term transactions in sole reliance on the credit judgment of the U. S. commercial bank, provided the latter carried a stipulated minimum proportion of the export credit without recourse on the exporter or the Eximbank. Late in 1961, the Bank replaced this participation program with one that provided full political risk guarantees for all maturities and a credit risk guarantee for the later maturities. This revised program has raised the rate of participation, but it still remains modest, as until recently only some seventy banks were involved and only a dozen of them were doing an appreciable amount of this business. The exporter's participation in the credit risk must be at least fifteen per cent and the importer is required to make a cash down payment of from ten to twenty per cent. Since the commercial banks' participation is without recourse to the exporter, the latter's export sales can be enlarged without affecting his domestic lines of credit. These guarantees have largely replaced direct exporter credits wherein the Eximbank itself provided non-recourse financing to the exporter. This program maintains the customary relationship between the exporter and his bank, permits the financing to be negotiated without communication with the Eximbank, and takes advantage of the commercial banks ability to obtain credit information on foreign buyers through their correspondents.

Since 1953, the Eximbank has, as noted, provided insurance against losses due to war or expropriation on stocks of U. S. goods—mainly cotton and tobacco—held abroad on consignment awaiting sale. Soon thereafter the Bank offered guarantees for medium-term credits against all risks of repayment, or, if so requested, against only the risk of transferring into dollars. A modest volume of these guarantees has been written. In May 1960, in response to President Eisen-

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hower's request, the Bank offered guarantees against political risks for short-term credits against ninety per cent of the invoice value of losses [13] due to political or catastrophic causes not privately insurable. This coverage was for export sales of all goods to most free world markets and extended from sight drafts to payment in not more than 180 days after delivery. Guarantees against commercial credit risks were not offered, on the assumption, which proved false, that insurance for such risks was available from private companies. President Kennedy's directive of February 6, 1961, to place American exporters in a competitive position, and the passage in September 1961 of an amendment to the Export-Import Bank Act [14] led the Eximbank to organize the Foreign Credit Insurance Association. The FCIA, which began operations in February 1962 and which is currently composed of the Eximbank and some seventy private insurance companies (membership is open to any insurance company that qualifies) replaces the Bank's short-term [15] political risk guarantees and in the same policy insures against losses from the importer's insolvency or protracted default.

Commercial credit risks are insured equally by the FCIA and the Eximbank, but the Bank alone covers political risks such as inconvertibility of foreign currencies to dollars, expropriation, confiscation, war, civil commotion, or restriction of export or import licenses. An exporter may obtain an application form through an insurance agent, broker, or an FCIA member company. All eligible shipments must be declared and premiums paid accordingly, unless FCIA has agreed that the exclusion of certain products, markets, or buyers would still provide a reasonable diversification of risk.[16] Since this insurance is intended to reinforce rather

[13] Less any expenses saved by non-fulfillment of the sale, any sums the exporter recovers from any source in connection with the credit, and interest included in the invoice value.

[14] *U. S. Stat. at L.* 75-673 (1961).

[15] "Short-term" normally does not exceed 180 days, but in special circumstances may run up to one year.

[16] Exclusions from whole-turnover policies are granted, if desired, for sales to Canada and for letter of credit business, and subject to negotiation exceptions may be granted when an exporter handles disparate lines of merchandise, for sales to subsidiaries, and in some cases some markets may be excluded.

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than replace sound credit evaluations by the exporter, the insured is covered for only eighty-five per cent of credit losses and for no more than ninety-five per cent of political losses.

Coverage is offered in most foreign nations except the "iron curtain countries." The rates for credit insurance are based on the credit terms extended and the country to which the goods are shipped. Countries are divided into four risk categories, and appropriate rate increases are made for credit transactions in excess of ninety days. Drafts up to 180 days are the usual maximum covered by the short-term guarantee program, but in exceptional cases may run for one year. An endorsement form provides coverage for an additional premium during the fabrication period. It is claimed that the rates compare favorably with those charged by foreign nations. Early in 1963, insurance to cover political risks only was made available at rates from two-thirds to three-fourths those for comprehensive cover. Furthermore, guarantees were offered on a case-by-case basis to cover the leasing of equipment, consignments and exhibits abroad, and the export of services.

The guarantee of medium-term credits (181 days to five years) against inconvertibility was also broadened in May 1960 to include all political risks. Guarantees against political risks covering losses up to ninety per cent of the financed portion, which have generally been about two-thirds of invoice value, were offered. Unlike the short-term guarantees, however, the exporter was not required to declare and pay fees on his whole-turnover, but may select those transactions he wishes to present to the Eximbank for consideration. The Eximbank also offered medium-term comprehensive guarantees, which covered commercial as well as political risks, to exporters or their sources of non-recourse financing. These policies were also offered on a case-by-case basis, and since the Eximbank is assuming a portion of the credit risk it requires that it must be furnished with sufficient information to satisfy itself concerning the foreign buyer's credit-worthiness. In March 1961, the Eximbank announced plans to simplify and expedite the handling of applications for medium-term exporter and comprehensive guarantees by placing greater reliance on the commercial experience of

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exporters, available credit agency reports, and the general reputation of the buyer, rather than on detailed financial reports. The fee for a medium-term political risk guarantee covering ninety per cent of the financed portion of losses was approximately three-quarters of one per cent per annum on the declining balance guaranteed. The fee for a comprehensive guarantee, which covers eighty-five per cent of the financed portion, is approximately one and a half per cent per annum of the guaranteed declining balance.

In July 1962, the FCIA offered medium-term policies which usually do not exceed five years. They cover exporters against a loss up to eighty-five per cent of the financed portion of the transaction for both credit and political risks. These guarantees are available on a case-by-case basis, but whole-turnover policies are available at reduced rates and increase the coverage of political risks to ninety per cent.

Advantages claimed for the FCIA are: (1) the writing of all categories of export credit insurance is now handled by private industry, with only standby involvement of public funds; (2) exporters can deal with a single agency prepared to meet their needs in all risk categories and for all types of transactions, thus simplifying and expediting the process of obtaining insurance; (3) a single agency is better able to compile the necessary credit information; and (4) the arrangements can be made locally. It has also been alleged that the Eximbank had a banker's attitude toward credit risks, which, though quite appropriate for its lending functions, was not suitable for the writing of insurance, since insurance is designed to cover risks while bankers are trained to avoid them. Those holding this point of view apparently favor more leniency in the criteria for credit insurance than for direct financing.

The September 1961 amendment to the Export-Import Bank Act, specifically authorized the Bank to guarantee, insure, coinsure, and reinsure political and commercial credit risks arising in connection with U. S. exports provided that the aggregate amount outstanding at one time should not exceed one billion dollars and that the Bank should levy charges for such insurance that it deems commensurate with the risks covered. In addition, the Bank was authorized to maintain reserves for such guarantees of not less than twenty-

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five per cent of the Bank's related contractual liabilities. Permission to maintain fractional reserves against such liabilities not only makes it possible for the Bank's resources to go further, but also minimizes an allegation that the Bank was more interested in direct financing than in credit guarantees; because as long as one hundred per cent insurance reserves were required it was more profitable to lend and collect the full interest charge than to obtain only a fraction of it as an insurance premium.

The main questions, however, concern the probable effect of existing and extended U. S. credit insurance programs on the competitiveness of American exporters and the likely repercussions upon foreign systems for financing their exports. Prior to 1962, U. S. exporters had not enjoyed export credit insurance facilities comparable to those that have been available to their foreign competitors. Because of the manifold variables involved and the changes that are continually taking place, comparisons with the programs of other countries are difficult, but with the exception of market exploration guarantees the United States will soon match the more liberal programs of such countries as Germany and the United Kingdom.

An evaluation of the repercussions of the new American program can be attempted by considering the probable psychological and financial effects. The entry into a credit insurance program of so large an exporter as the United States is bound to exert an influence on the attitudes of competing countries. The statement that "None of the competitive factors confronting the American exporter in foreign markets is more crucial than his ability to offer his product on attractive credit terms" may be an exaggeration, but there is widespread agreement that "Very often this [credit terms] makes the difference between closing a transaction and losing the business to a competitor in another country." [17] Foreign buyers, both private and governmental, will doubtless continue to shop for favorable credit, and especially for longer payment terms whenever they are short of convertible currencies. In the process of bargaining, importers sometimes

[17] U. S., Congress. Senate Committee on Interstate and Foreign Commerce, *The United States and World Trade—Challenges and Opportunities*, 87th Congress, 1st Session, March 14, 1961, 18.

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overstate the terms available from competing countries, and the exporters who lose the order are prone to relay the exaggerated claims to their own governments and to exert pressure to obtain from them facilities that will restore them to parity with the real or alleged advantages of their foreign competitors. The new U. S. program will, therefore, tend to add fuel to this combustible situation.

The net effect of the American credit insurance program on the financing and thereby on the actual volume of U. S. exports may turn out to be relatively modest. In the first place credit is but one important element among several involved in an export sale, and credit insurance but one way of facilitating credit. Credit facilities available to U. S. exporters have been envied by their foreign competitors during most of the postwar period. In the final analysis, the effect of credit insurance on export sales will depend on whether it makes export credit more abundant and cheaper. It is hoped that an exporter whose foreign accounts receivable are insured by FCIA will be more disposed to extend credit to his customers abroad, and that he will find it easier to obtain financing from his commercial bank or some other private financial institution. However, if private capital, attracted by credit insurance, merely replaces funds already obtainable from the Eximbank or other public or private sources, there will be no gain in U. S. exports, unless the combined cost of the credit insurance and the financing of insured credits is lower than the cost of obtaining uninsured funds.

Credit insurance against political and commercial risks should make export financing more attractive to private sources of capital. But experience alone will reveal whether such insurance will attract a sufficient volume of private capital to lower the cost or ease the terms of export financing significantly. Will the outcome resemble the market for bankers' acceptances in which domestic investors, other than commercial banks, have participated only modestly over the years? Or will a growing volume of insured credits with a variety of maturity dates appeal to insurance companies and other institutional investors? Will commercial banks differentiate between total accounts receivable and those covered by export credit insurance when they make loans to their customers?

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The provision of guarantees for short-term export credits fills a genuine gap in financial facilities available to U. S. exporters and will probably stimulate U. S. exports, especially to countries with unstable political or exchange situations. Since this is a condition often found in many of the less developed nations, exporters to these areas may be the principal direct beneficiaries of the program. Export gains from medium-term credit insurance are not so likely. Unless there is a marked change in Eximbank policy for interest on its direct financing, it is unlikely that the combination of insurance fees and interest for medium-term credits from private sources will be lower than the Bank's non-recourse medium-term credits. The advantage of the Bank's exporter credits is that the exporter has in effect both the money and a guarantee, whereas his receipt of a comprehensive credit guarantee still leaves the financing to be arranged elsewhere. The advantage of guarantees may prove to be their local accessibility, as it becomes possible to arrange for them from a substantial number of banks and insurance companies throughout the country. Only if medium-term insurance becomes appreciably easier to arrange than a non-recourse exporter credit is it likely to induce more firms to engage in foreign trade. For experienced exporters, medium-term insurance will be relatively less important, unless the credit standards and political restrictions are lower than those maintained for direct non-recourse financing.

In conclusion, it can be stated that the effect of credit insurance on the supply of funds remains to be tested. The demand for funds, however, will depend significantly upon whether or not the credit standards are as high and the political restrictions as severe for insurance as for direct financing. The new credit insurance programs will be wholesome to the extent that they place U. S. exporters on a credit parity with their foreign competitors, provided that retaliation through further insurance liberalization abroad can be kept under control on the grounds that American exporters are receiving no more aid than is already available to most of their foreign competitors. But if the U. S. criteria for insurance are substantially liberalized so as to give additional aid to U. S. exporters, then a credit war may ensue.

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III. EFFECT ON UNDERDEVELOPED NATIONS

A large and growing proportion of export credit guarantees is for exports to the underdeveloped countries.[18] This trend has been bolstered by the restoration of convertibility in the industrialized countries, which has lowered the demand for coverage of transfer risks for exports to them, and by the fact that internal credit sources for financing importers in most underdeveloped countries are limited and very costly.

Export credit guarantee programs, by diversifying risks, can reduce the cost of mobilizing credit; and cheaper credit can aid economic development. But international competition may also cause capital exporters to overbid one another without any lasting benefit to themselves and to the possible detriment of the recipient countries as well.[19] As early as 1954, Eugene R. Black, President of the International Bank for Reconstruction and Development, warned of the dangers of excessive medium-term suppliers' credit as we pass from a seller's to a buyer's market and of the resulting competitive race which takes the form of competition in credit terms as well as in terms of price, quality, and delivery date. It was not primarily the flow of private investment capital that worried Black, but capital supplied largely at the ultimate risk of the government of the exporting country.

Black acknowledged that

> Suppliers' credits can serve a useful purpose in financing the normal, short-term flow of imports or in financing investment projects which can pay their way within the term for

[18] The OEEC reports that 22 per cent of British exports to underdeveloped countries are covered by export credit guarantees, whereas only 18 per cent of all British exports are so covered. It is also reported that German export guarantees were mainly concluded for exports to India, Argentina, the United Arab Republic, Brazil, Iran, Venezuela, Iraq, and Spain. OEEC, *The Flow of Financial Resources to Countries in Course of Economic Development, 1956–1959* (Paris, 1961), 69, 106. In the first six months of its operation, ending Dec. 31, 1960, almost 88 per cent of $651,000 of shipments covered by Eximbank short-term, political risks guarantees went to underdeveloped countries.

[19] No criticism of intentional grants or "soft-loan" programs is intended, as they both have a place in assistance programs. The target is cutthroat credit competition that leads to financing for ill-considered purposes, excessive lending (borrowing), and the possibility of hidden government subsidies resulting from guarantee programs that are not self-supporting. When foreign aid is subsidized, it should be done openly.

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> which the credit is given. But, although the availability of these credits may seem to present an opportunity to speed the rate of development, there is a risk that the use of short-term finance may be pressed beyond these limits. . . . The manner in which suppliers' credits are offered, moreover, sometimes results in projects being undertaken which are far from the highest priority in development needs. The exporting country wishes to boost its exports and its imports and therefore offers credits for financing a project using its equipment. The manufacturing supplier of equipment naturally welcomes any opportunity to increase his sales and he can certainly not be blamed if he takes advantage of whatever credit facilities may be made available. And the importing country may feel that the credit, being available, should be accepted even if not used for the most useful of purposes nor on the best of terms and even if, as often happens, under these arrangements a higher price for the goods must be paid. This is contrary to the interests of the importing country and may result in slower rather than faster development.[20]

Black also cautioned that the balance of payments aspects of these transactions should not be overlooked.[21]

It has also been pointed out that it is easier to obtain import licenses from industrializing countries when deferred payment has been arranged.[22] Furthermore, higher credit insurance rates for more serious risks exert only a limited psychological effect on the willingness of exporters to commit themselves for their limited share of the transaction, because the rate increase can generally be passed along to the importer with comparative ease when the importing country is in balance of payments difficulties and therefore anxious to obtain credit.[23]

As a result of these considerations, President Black again expressed concern in his next annual address to the Board of Governors of the IBRD, and reported that at the Bank's

20 *Summary Proceedings Ninth Annual Meeting of the Board of Governors of the International Bank for Reconstruction and Development* (Washington, D. C., 1954), 9–11.

21 *Ibid.*

22 C. Segré, "Medium-term Export Finance: European Problems and Experience," *Quarterly Review Banca Nazionale del Lavoro* (June 1958), 125; and Errezero, "Export Credit to Underdeveloped Countries on a Multilateral Basis," *Quarterly Review Banca Nazionale del Lavoro* (Sept. 1959), 317 ff.

23 Segré, "Export Finance," 161.

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request fourteen major exporting countries had agreed to communicate to the Bank, every three months, information about medium-term transactions—loans, guarantees, insurance, funding arrangements and the like—to which they are a party. These data are still being collected on a confidential basis and are divulged only to the governments concerned, so that they may be able to gauge trends in the medium-term obligations of borrowing countries and so that the latter can themselves each make a better assessment of the demands facing their own foreign exchange resources.[24]

This concern prompted the IBRD's economic staff to publish two studies, one on international indebtedness and the debt-servicing capacity, the other on debt-servicing problems of low-income countries.[25] These studies conclude that during the 1950's there was a very substantial increase in debt-service payments, in no small measure due to growth of medium-term debt, and that this has contributed to an unbalanced time composition of international indebtedness.[26] Since this imbalance is partially attributable to the eagerness of industrialized nations to export their manufactures, it is ironic to note that their efforts have often been self-limiting. This has resulted from the tendency of underdeveloped countries to curtail sharply the importation of capital goods and consumer manufactures during periods of foreign exchange difficulties, in order to maintain the inflow of foodstuffs, raw materials and fuels needed to protect the level of employment in existing industrial plants and to assure the basic standard of living.[27] It is also pointed out that the quick repayment schedules, which are a peculiar feature of the debt structure of some low-income countries, make their balance of payments position more vulnerable and potentially more burdensome to their economic development.[28] In April 1962, in an address to the Economic and

[24] *Summary Proceedings Tenth Annual Meeting of the Board of Governors of the I.B.R.D.* (Washington, D. C., 1955), 6–7.

[25] D. Avramovic, *Debt Servicing Capacity and Postwar Growth in International Indebtedness* (Baltimore, 1958), and D. Avramovic and R. Gulhati, *Debt Servicing Problems of Low-Income Countries 1956–1958* (Baltimore, 1960).

[26] Avramovic, 30–31, 35–36, 147; and Avramovic and Gulhati, 11.

[27] Avramovic and Gulhati, xiv–xvi, 44–45.

[28] *Ibid.*, 21–22.

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Social Council of the United States, President Black again sounded a warning and stated that the World Bank's studies showed that several countries may have to spend up to a quarter of their foreign exchange income in servicing foreign debt due for repayment within five years.

The indicated solutions to the problem of external financing of economic development in low-income countries are: (1) more long-term financing except where medium-term credits are clearly more suitable; (2) more aid in forms that reduce the subsequent transfer burden of repayment (such as provided by the Development Loan Fund and the International Development Association); and (3) greater coordination of national efforts to provide aid to underdeveloped nations.

IV. RECOMMENDATIONS

The challenges that remain to be met are how to keep export credit guarantees from contributing to a credit war to finance exports to any destination, and how to prevent them from tempting underdeveloped countries to purchase egregiously sub-optimum imports and from contracting an unbalanced debt structure. In 1954, Bresciani-Turroni, Italian Minister of Foreign Trade, expressed the hope "that the Governments of Europe will . . . agree to abolish excessive export facilitation, thus putting an end to what is after all an absurd competition, the purpose of which appears to be to see who can make the most generous presents to foreign customers." [29] Although the financial results of export credit guarantee programs to date do not indicate that "generous presents" have been made, the danger increases as these programs become more closely identified with national policy, as they have in several countries, and with the entry into this area of competition of such an important trading nation as the United States. As previously noted, foreign buyers are quick to play one seller against another in their efforts to obtain increasingly liberal credit terms, and exporters, in turn, are prone to stress and even exaggerate the credit facilities available from countries with which they compete.

The volume of export credit insurance written has shown

[29] C. Bresciani-Turroni, "Medium-term Export Credit Insurance and Finance," *Banco di Roma Review of Economic Conditions in Italy*, VIII (1954), 5.

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a definite tendency to increase, especially for exports of capital goods to underdeveloped countries, with the result that ceilings, where they have existed, have been raised periodically. The export guarantee limits of the ECGD have gradually been raised from £600 million in 1949 to £1,400 million in 1959, and in recent years the ECGD has insured the equivalent of over $2 billion per year, or about twenty per cent of the United Kingdom's commercial exports. Germany has raised its credit insurance ceiling in several steps from 120 million *Deutsche Mark* in 1949 to 12,000 million in 1960. During the first ten years of this program, nearly ten per cent of all German exports were covered by credit insurance, and as much as eighty to ninety per cent of guaranteed exports were for exports to underdeveloped countries. At the end of 1959, the total French guarantees given for contracts actually concluded was the equivalent of $633 million, about seventy per cent of which covered exports to underdeveloped countries.[30] In March 1960, German guarantees outstanding amounted to the equivalent of $2.1 billion.[31] Total new business insured by the ECGD for the year ending March 31, 1962, was equivalent to $2.3 billion.[32]

The volume of medium-term political and comprehensive risk guarantees written to date by the Eximbank has been modest, and whether the proposed FCIA program will develop sizeable patronage remains to be seen. FCIA short-term credit guarantee programs, however, issued more than one thousand policies with an aggregate insured liability of nearly $500 million in its first ten months. The extent to which this coverage made capital available for financing exports that would not have been available without such insurance is not known.

The principal existing instrumentality to coordinate export credit insurance is the Berne Union. Founded in 1934 by a group of private continental credit insurance companies and the British state-controlled system, the Union now provides a forum for about twenty governments' agencies.[33] In

30 OEEC, *The Flow of Financial Resources to Countries in Course of Economic Development 1956–1959* (Paris, 1961), 59.

31 *Ibid.*, 68.

32 *The Economist,* May 12, 1962, 589.

33 Exceedingly little is published about the Berne Union whose meetings are conducted with utmost privacy. According to its original statutes drafted

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recent years, the Eximbank attended meetings as an observer, but since the formation of FCIA has become a member. The rules of the Berne Union provide that insurance of medium-term credit should not exceed five years from time of shipment; time required for production may be added. The two main exceptions to the five-year rule relate to credits for aircraft, for which seven years is permitted, and to exports financed bilaterally under a government-to-government line of credit for which up to fifteen years is sanctioned. However, strong pressures have been exerted by exporters in many European countries to extend these limits, and one of the reasons advanced for extension has been that some of the direct financing facilities of the Eximbank are tantamount to long-term guarantees. Despite the Union's reaffirmation in June 1959 that terms of payment should not extend beyond six months for consumer goods, eighteen months for durable consumer goods, and five years for capital goods, pressure for liberalization continues. The fact that Japan has offered guarantees for as long as ten years, but especially the breach in the five-year rule by the new British program for major capital exports, has further blurred the line between export credits and overseas aid. *The Economist* described the atmosphere of the meeting of the Union in Vienna in June 1961 as one of "quiet resignation rather than outraged protest" as the Union agreed to cooperate in restricting "ordinary export credits" to five years. *The Economist* concluded that "the great point about the rule that ordinary export credits should not be insured for more than five years is that anything insured for more than five years is not an ordinary export credit." [34] Departures from

in 1934, "The principal object of the Union is to work for the rational development of credit insurance in the international field by improvement of the members' information services by means of making known to one another the results obtained in this field and, generally, to favour the regular exchanges of views regarding the essential questions in the branch as well as on the problems which are put in the field of technique and organization, also members undertake to place at disposal of the Union all their policy forms and all essential documents on their methods. . . . They agree, on their honour, not to conceal nor put forward in their communications to one another any fact or item of information likely to mislead the other members. . . ." In Rome, in May 1954, the principal object of the Union was amended to provide simply for "the joint study of the theory and practice of credit insurance."

[34] *The Economist*, June 17, 1961, 1254.

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the five-year rule, however, are claimed to have been made mainly for sales to underdeveloped countries by nations which do not provide project financing like that available from the Eximbank.

Dissatisfaction with the lack of coordination, even prior to the most recent developments, has stimulated several recommendations. The Organization for European Economic Cooperation (OEEC) in 1958 recommended coordination of export credit insurance programs, and the European Economic Community has also expressed interest in the harmonization of national systems of export aid. Other proposals go beyond coordination of national programs and call for the multilateralization of export credits and export credit insurance. For example, it has been suggested that to increase private investment in less developed countries the Organization for Economic Cooperation and Development (OECD), the successor to the OEEC, might, on a multilateral basis, provide credit insurance up to ten years for export credits granted by private banks.[35] Some exponents of multilateralization favor not only the creation of an international credit guaranteeing organization but also re-emphasizing of the role of the foreign debtor (rather than of the creditor) as was done prior to the First World War. Such schemes would convert export credit insurance into import credit insurance. It has also been pointed out that the establishment by the International Monetary Fund of a prompt remittance system, in the form of stand-by credits, for example, designed to help debtor countries pay off outstanding external arrears and henceforth to keep on a current basis, would virtually reduce the need for export credit insurance to cases of insolvency and default which have accounted for only a small percentage of total claims.[36] Assistance by any international organization would presumably be untied and consequently would permit the borrower to import from whatever country it found offered the most attractive opportunity aside from credit terms.

There is widespread agreement that coordination of of-

[35] W. R. Burgess, B. Clappier, P. Gore-Booth, and X. Zolotas, *A Remodelled Economic Organization* (Paris, 1960), 26.

[36] For a description of some of these proposals, see United Nations, *Economic Bulletin for Europe*, XII, No. 2, 60; Segré, 239–40; and Errezero, 326–32.

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ficial medium-term export financing and guarantees is desirable for both lending and borrowing countries. The Berne Union, at best a benevolent cartel, is concerned only with credit insurance and appears increasingly unable to cope with even that aspect of the larger problem. Since the impetus behind many of the national schemes to finance exports has arisen from the desire to expand exports, it is not highly probable that these prerogatives will be surrendered to a multilateral scheme in the foreseeable future. It seems that a more likely solution will be coordination by some international organization such as the OECD or the International Bank for Reconstruction and Development (IBRD).

From the point of view of an exporting country, medium-term credits can usually be identified with a specific transaction and thereby with specific goods or services. But from the perspective of a borrowing nation, external credit of any duration and foreign exchange earnings and reserves are fungible, and consequently can, within rather wide limits, be substituted for one another. This is not to gainsay that very easy export credit terms, like very lenient domestic installment payment terms, may induce buyers to make extravagant or untimely purchases. This suggests that an organization responsible for the coordination of official medium-term credits must also be cognizant of short and especially of long-term credits and possess information on the amounts and maturities of private credit transactions. Such overall coordination is consistent with the desire of the United States to promote international coordination of foreign aid, and furthermore it could resolve the apparent dilemma of attempts to limit medium-term financing to five years and the concern of the IBRD that too much long-term economic development may be financed by short and medium-term credits.

It can be argued that importers should be permitted to purchase anything they wish and at any terms they can get, subject only to controls imposed by their own governments. Credit competition, like price competition, that is the result of free market forces is economically beneficial, but credit or price competition subsidized by exporting countries to promote their own exports may not be. Foreign aid programs should not be confused with export promotion in the

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form of favorable tax treatment or other such government assistance, designed to allow producers to lower their export prices, or with credit facilitation subsidized by government absorption of losses.

The choice of a coordinating agency is primarily a political one. All major industrial countries of the free world, except Japan, are members of the OECD and it is expected that this organization will coordinate the foreign aid programs of its members. The IBRD has as members not only all major free world industrial nations but the underdeveloped countries as well. If there is validity in the argument that consuming nations should be represented in international commodity agreements, then a strong case can be made for the representation of borrowing countries in an international organization to coordinate credit facilitation. The IBRD has already established machinery for gathering information on official medium-term credits, and it has provided respected leadership for the coordination of foreign aid to India, Spain, and Argentina.

Some system for coordinating national programs for short and medium-term credit facilitation with each other and with long-term credit programs should be institutionalized both for the protection of underdeveloped countries and to avoid a government-financed credit war among the industrialized nations.

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REVIEWS

The Protestant Mind of the English Reformation, 1570–1640. By Charles H. George and Katherine George. Princeton, New Jersey, Princeton University Press, 1961.—x, 452 pp. $8.50.

This is an exciting book because it challenges many commonly received notions and buttresses the argument with documentation, abundant, pithy, and pertinent. The scope of the book is the period of seventy years from 1570–1640, from the Anglican Settlement of Elizabeth to the outbreak of the Civil War. In part the book is descriptive. Since the theme is the Protestant mind the authors delineate what they take to be the essence of Catholicism and of Protestantism. The bulk of the work is interpretative. There is the broader question as to how far Christianity at any time has been an important factor in the shaping of cultures and the more specific question with reference to this period. Finally comes the inquiry as to how far the Protestantism of these seventy years prepared for the decade of the revolution.

With regard to the contrast of Catholicism and Protestantism, the case is somewhat oversimplified by taking Thomas Aquinas as the epitome of Catholicism with the result that Catholicism is described as rational and Protestantism as irrational. This is to leave out of the picture the anti-intellectualistic strains in Catholicism to be found in Occamism because of Nominalism, in the Mystics of the Neoplatonic heritage for whom speculation ceases with absorption into deity, in the early Franciscans and the later Capuchins who feared lest erudition quench the spirit, and in the Erasmians who insisted that the dogmas necessary for salvation must not exceed the grasp of the meanest intelligence. On the other hand the irrationalism of Protestantism is not to be overdone. This the authors recognize in part. Calvinism was intensely rational within the framework of its presuppositions. Yet their basic observation is sound that for Thomas there is no decisive cleft between reason and revelation. For Protestantism there is.

With regard to the Protestant mind the authors find it singularly uniform in this period. They can discover no peculiarly Puritan point of view or party. Whitgift was more predestinarian than Cartwright. James I did not deny predestination though he would treat it tenderly. Laud was Calvinist in theology and accepted the ideal of the holy commonwealth. Sep-

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aratism was inconsequential and a brief anticipation of Arminianism was speedily suppressed.

When we come to the impact of Christianity on the formation of cultures we are told that Christianity is not interested in cultures. Its orientation is otherworldly. It is pitted against culture and glories in failure. Christianity survives by accommodation to culture and does not initiate social reform. This generalization is vastly too sweeping. There is an anomaly here comparable to the one which the authors note, that Christianity places man at the pinnacle of creation and yet asserts his total depravity. Similarly, or rather conversely, Christianity transcends all history and at the same time makes history. The Christian is a traveller through the wilderness of the world but in passing strives to make the wilderness blossom as the rose. But this he can do only on his own terms. Therefore the Church must either direct society or withdraw. Either there must be a holy commonwealth or a separatist conventicle. In the "Christian" Roman empire after Constantine for centuries the Church was a disruptive agency in society, but in western Europe after the invasions and in the early centuries of Russia's history the Church was a great force in the building of a culture.

Fortunately the authors do not settle the question for the England of this period by an *a priori* generalization. The bulk of the book deals with social questions in detail. In the realm of economics the authors examine the Weber thesis as to the connection between Calvinism and the spirit of capitalism. They discover that the divines of this period endorsed the holding of private property, but only with misgiving, for although prosperity is not to be despised, yet it is not the proof of God's favor. The taking of usury in the sense of interest is discountenanced. Neither do these divines manifest that inner-worldly asceticism which according to Weber made it impossible to use wealth for enjoyment and left as outlets only reinvestment or charity. These divines did exalt work, including menial labor, and regarded time as precious. They did not forbid enjoyment though they more highly esteemed employment. With regard to charity there was much on the part of Christian laymen, but charity was not a device for saving one's own soul. Giving should have rather as its object the elimination of giving by making the recipient self sustaining. As for the spirit of unbounded gain, this is the very antithesis of the Protestant spirit, which thoroughly rejected the ethos of the then emergent society.

> For the new world taking shape was to be a world of business and science, perhaps the first civilization to dispense with religion as

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> a primary concern for thinking humanity. . . . Protestantism made the last great effort in the history of Christianity to identify the moral goals and to direct the moral actions of the ruling classes in the West. . . . Protestantism had either to conquer its world whole or lose it absolutely. . . . The tremendous religious gamble of giving up institutional power, dualism in ethics, and sacramental magic for the high stakes of an individual, social, and total Christianity was lost decisively, probably irretrievably.

In this rueful reflection I would prefer to replace the word probably by perhaps.

In political thought the contention is that there was nothing revolutionary. England was looked upon as already a holy commonwealth. The king had the sacral character of the rulers of ancient Israel. He was not absolute. Even James I did not claim to be absolute. He was subject to the law of God. The duty of conscientious disobedience was recognized. At this point the authors do not discuss the relativizing of conscience as that which each man believes to be right.

There was more radicalism in domestic ethics where a much greater place was given than hitherto to companionability in marriage.

This whole picture leaves one wondering why the civil war could have happened. We are told that liturgy was a source of contention. But was the war only over surplices? The point, I think, is rather that Laud denied the Protestant ideal of variety to which the authors devote a significant chapter. The Protestants of England were ready to recognize the validity of other varieties of Protestantism in other lands, and in particular of Presbyterianism in Scotland. They did hold that unanimity and uniformity were requisite as to the essentials, but latitude and variety were permissable as to the non-essentials. Laud was enforcing uniformity in the area of the non-essentials. Liturgy was a non-essential. To treat it as an essential was intolerable.

The authors do agree, after all, that Protestantism did affect the social structure of England in the seventy years leading up to the conflict, and this at two points. The first was that the break with Rome made it possible to withstand an established order without incurring the stigma of heresy. The second was that Protestantism created a new citizen class. This consequence was inadvertent. Protestantism divided society into saints and sinners, a dichotomy capable of producing a new aristocracy as in New England, but in old England the effect was egalitarian, because the mark of sainthood was not social status. A tinker like John Bunyan in the kingdom of the saints might outrank the

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Lord High Chancellor. Again "the intense level of individual spirituality creates the healthy egotism that can challenge sacrosanct status and orthodoxy in the very name of God" But this again is to say that Christianity is a disruptive force, powerful enough to root out the vestiges of sacred kingship but not sufficiently strong to arrest the dynamism of the aggrandizing upsurge of an irreligious society.

The conclusion would appear to be that no role is open to the Church save to be against the world. This spells the demise of the holy commonwealth. One can only add that if this be true perhaps it spells the demise of the human race.

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The Historical Revolution: English Historical Writing and Thought, 1580–1640. By F. SMITH FUSSNER. New York, Columbia University Press; London, Routledge and Kegan Paul, 1962.—xxiv, 343 pp. $7.00.

Mr. Fussner examines the setting of "the new history" of early modern England, together with certain prime exemplars of the historical revolution. The first part of his book deals with the sixteenth-century historiographical inheritance—of humanist techniques and philological method; of reformation biases; of the common law tradition—as well as with the immediate practical need for reference to the public records, a need felt in this period of radical political, economic, and social rearrangement. He blueprints the contemporary institutional framework that required retaining and reinterpreting the past, which in itself would have been a historical revolution, had there not been even more striking changes taking place as well. The career of Sir Robert (gradually, Sir Robert Bruce) Cotton, descended on the distaff side from the kings of Scotland, provides Mr. Fussner with the opportunity to discuss the relation of historical precedents, consciously sought, to contemporary politics; with the ways in which both monarchist and parliamentarian regulated his use of precedent; and the social spectacle of a humanist collector of Anglo-Saxon documents.

Relying upon both Professor Galbraith and Lord Bacon of Verulam, two distinct and distinguished authorities, Mr. Fussner derives a scheme for contemporary historical writing: sources, called memorials, for "preparatory history"; monuments, views, and surveys, the second two terms taken from geographical surveys; relations (sometimes, at their best, "perfect histories," like

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Lord Herbert's *Life and Reign of Henry VIII*); breviaries, epitomes, and abridgments; universal histories (like Ralegh's, following both the models of Orosius and Otto of Freising and the methodical rule of Jean Bodin); local histories (such as Stow's, Speed's, Lambarde's, and Camden's); and, most interesting of all, "problematic histories" like Selden's *Historie of Tithes*. All these works were "useful," either in the moral lessons they drew, or in their rudimentary efforts at projection and prediction, or in their explicit and implicit directions to contemporary policy. History was, quite evidently, both a humanist and an empirical endeavor. It was, as Mr. Fussner rather reluctantly admits, a dramatic enterprise as well. Even Ralegh, obliged by his temperament and the tradition in which he worked to paint the whole panorama of past history in one set of frescoes, could not resist concentrating now and again upon a particularly heroic character. Clarendon, like Thucydides, stopped his narrative over and over again to make credible and artistic the personalities engaged in the actions he described. Little read except by specialists, Selden is nonetheless the most interesting of the historians before Clarendon. He fulfilled the humanist ideal in comparing and verifying texts; he demanded that his material be relevant to his subject and that it demonstrate proofs of authenticity; he organized his material into a coherent argument.

What was, according to Mr. Fussner, the revolution in "English historical writing and thought" (an interesting and telling pair of nouns)? Largely, it was the perception and assumption that chronology has something to do with change, that time is a factor in historical context, that the past is relevant to and inseparable from the present, that process involves the present, even including the writer writing about his present, in what can be seen as "history." Empirically, in this period history can be seen to become more and more "like life," sometimes even to become that life itself (Lord Clarendon again!); technically, or professionally, history becomes a trade, to be treated according to the rules and methods of a craft, like anatomy or surveying or the keeping of accounts. The two currents of change did not and do not always flow evenly down both banks of the stream of history and of historical writing: they concur, deviate, and counterflow to make the fishing, if not better, at least more interesting. The fish in this stream may not be fatter than the fish in a chalk-stream, but they fight harder.

Mr. Fussner's book is valuable, in particular because of his skillful location of historical work in its institutional setting. I found the book, on a second reading, a trifle insular, though I

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acknowledge the limitations implied by the title. It is more insular, I think, than Ralegh, Bacon, or Selden, though no less proudly so than Camden or Stow. The author's task was to describe the change in English historical writing and thought at a period, like our own but very different from it, when *Englishness* preoccupied Englishmen's minds. But all the historians of whom he writes with such skill and understanding were bred up on Latin, and many of them on Greek; all could read French, even if only the barbaric quack of the English law-courts. I miss reference to classical and to other national historiographies, if only to assure me of the particularity of English experience. My last comment carries implications of blame, which I do not intend; on the contrary, it is my expression of hope: I wish Mr. Fussner had seen fit to extend the period he assigns his revolution to include the historian who is both paragon and resolution of all he discusses. Lord Clarendon forces his way into the narrative even though debarred by that fatal date from arguing his own case. But Clarendon could be made to fit even the date, in a way, since his subject was a historical revolution whose antecedents were precisely the events of the decades from 1580 to 1640. Mr. Fussner could do that subject justice.

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The New American Political Economy: A Synthesis of Politics and Economics. By Marshall E. Dimock. New York, Harper and Brothers, 1962.—xi, 306 pp. $6.00.

It is a disappointing book which follows so suggestive a title. Professor Dimock asks us to view his effort in the context of recent discussions of ends and means of American society. He aims to consider both our goals and the instruments for their achievement; he says (p. viii), "If this seems like a large order, the justification is that nothing else is possible, considering the approach that is involved." The principal goal, to be as specific as possible regarding this book, is to find a cure for the present domestic and international difficulties facing the United States. Political economy following the Scottish model inspired by Adam Smith is the proposed remedy. This new discipline or attitude should be the product of a wedding between economics and political science and it should be undergirded with spiritual values. The marriage should be encouraged by businessmen who realize that government is necessary, but not necessarily evil, and by statesmen who recognize the value of independent citizen action exemp-

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lified in the vigor of the ideal entrepreneur. One teaching of this new discipline is the evil of large-scale organization and the virtue of individual action; this teaching should be realized by the deconcentration of big business and big labor and by the establishment through constitutional amendment of regional government in the United States. The goal of political economy is to enable our country to move forward free from the bureaucratic shackles of socialism, free from the domination of selfish private interests, and free from the opportunism of pressure groups.

According to the author (p. 36), "The key terms in the new political economy, in the approximate order of their importance, are *interrelationship, balance, diminishing returns, values,* standard of living, structure (organization), competition, market price, efficiency, cooperation, decision making, coordination, power and control." These terms are to provide the basic currency of a new elementary political economy or social science course and for the thinking by business and political leaders about the national welfare. As the list implies, emphasis is placed throughout on the *importance of leadership and its proper organization.* The author's aim is to prepare "public men" who can be depended upon to oppose private selfishness and to uphold the public interest.

Professor Dimock's most concrete recommendations relate to the proper structuring of national political institutions. His recommendations flow from his own rich experience and from his clear, although too brief, accounts of the organization of Standard Oil, the Canadian and British cabinets, and the Swiss Federal Council. Presidential leadership in the United States is burdened with the supervision of too many functions and departments and with the proliferation of staff aids. The cabinet-parliamentary form on the British or Canadian model is recommended as the alternative; the cabinet should be directed by an eight-man inner executive group, and it should be supported by a responsible party system. If people are really concerned about the plight of the United States, the author has confidence that they will find a means to implement this reform as well as his other recommendations.

His other recommendations cover the range suggested by the key terms of political economy: government relations with business and taxation; urban concentration, agriculture, and urban and rural blight; conservation of physical and human resources; the international crisis; and education. The trouble with this volume is that it rarely reaches beyond the hazy generalization. While occasionally there is a useful insight, statements of goals are vague and their implementation depends upon faith. This is a pity since our discipline could benefit from an infusion of

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theoretical clarity from economics, and that discipline would profit from the descriptive virtuosity and respect for fact of political studies.

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The Concept of Jacksonian Democracy: New York As A Test Case. By Lee Benson. Princeton, Princeton University Press, 1961.—xi, 351 pp. $6.00.

Turner, Beard, Dixon R. Fox, Arthur Schlesinger Jr., and other historians, according to Benson, misinterpreted Jacksonian Democracy because they did not appreciate the force that ethnic and religious considerations exerted upon voters between 1820 and the Civil War. Their "unsystematic" methodologies produced, in consequence, a distorted notion of Jacksonian democracy based on a narrow economic determinism that conceived of the movement as a conflict of poor against rich, and mass against class. This older concept has been largely qualified or even totally abandoned by many historians during the last decade. Benson, nevertheless, finds it useful to test its validity by means of the yardstick that ethnic and religious data provide.

If Benson's vigorous assault on the old concept seems like an excessive expenditure of energy, his method has implications and an importance that deserve the attention of historians. There are difficulties, too, of a kind that Samuel Lubell, who does much the same for the present as Benson tries to do for the past, never had to face. Sorting out Germans, Dutch, Irish Catholics, Protestant Irish, Yankees, and Yorkers in small communities over a century ago in order to assess the effect of ethnic and religious influences on voting behavior is no easy matter, and Benson's willingness to try is commendable. Less appealing is his dogged insistence on the reliability of his total methodology; frequently when his data are insufficient or doubtful, his results emerge as "frankly impressionistic" rather than "systematic," although in a limited number of selected communities his conclusions seem accurate enough.

Benson "tests" the concept of Jacksonian Democracy in large measure by analyzing voting behavior in the election of 1844 in New York. How valid is this choice? Would the election of 1836 not have been more justifiable? Testing the nature of Jacksonian Democracy at a time when the Old Hero held office and made policy, and when the impact of his administration was felt throughout the land, seems more reasonable. Actually, an analysis of a sequence of elections, local and national, for the

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decade of the thirties, with appropriate discussion of elections in the late twenties and early forties, would have been more "systematic" for the purpose of achieving the goals that Benson set for himself.

Benson is less subtle about the major economic issues of the Jacksonian period than he is when dealing with ethnic and religious concepts. The Bank of the United States, the Panic of 1834, the bank crisis of 1837, and other economic questions of the period are either inadequately probed or ignored. The Bank was not a "distant evil" in New York nor did it provide the Democrats solely with an opportunity for a "brilliant political counterattack" in 1832. Its branches functioned in New York on the basis of the large resources that they had at their disposal and competed on a day-to-day basis with local banks, maintaining a strong measure of control over their activities much to the distress of Democratic bankers and, perhaps, not a few Whigs as well. The bank's control over credit—a matter of central importance in an expanding economy in which credit was usually tight, while the spirit of enterprise soared—was, contrary to Benson's notion, clearly demonstrated in the Panic of 1834. On the surface, it is true, the Democratic Party was devoted to the philosophy of the "negative liberal state" as the fact that some of the most articulate spokesmen and writers of a *laissez-faire* persuasion were Democrats indicates. But all Democrats did not eventually turn into Barnburners. The Democratic administration of William L. Marcy demonstrated its willingness to use the state government as a means of advancing economic development either because of basic conviction that this was a proper public function or as a result of practical political and economic considerations. Granting, however, that the Whigs officially approved government economic intervention to a far greater degree than did the Democrats, the question arises whether this sharp partisan distinction persisted in local situations where state support for a canal or railroad emerged as a crucial issue.

Testing the concept of Jacksonian Democracy after the depression of 1839–42 implies that that cataclysmic experience left Jacksonians, Whigs, and others much the same in their attitudes in 1844 as they had been in 1836. The Albany Regency experienced a major defeat at the polls as the first wave of the Panic of 1837 washed over the state and the country. By 1842, the internal improvements policy of the Whig party proved an embarrassment at the polls and in the money market, with the party of Seward seeking to demonstrate in self-defense that Democrats earlier had supported a large program of state aid for internal improvements. At the same time, the *laissez-faire* wing of

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the Democratic party gathered unprecedented strength within the party organization.

Benson casts more light on the election of 1844 than he does on the general concept of Jacksonian Democracy. If he is only partially successful in illuminating that concept, there is compensation in the general point that emerges, that greater attention to ethnocultural factors involved in voting behavior must be given by historians when probing the meaning of elections of the past.

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Congress and the Court. By WALTER F. MURPHY. Chicago, The University of Chicago Press, 1962.—xi, 308 pp. $6.95.

Walter Murphy has given us a first-rate case study of the relationship between Congress and the Supreme Court. From the perspective of the Brookings Institution, he was able to observe at first hand the bitter battle on Capitol Hill when, during the Eighty-fifth Congress in 1957 and 1958, a powerful conservative coalition sought to reverse and punish what it regarded as a judicially "deviationist" Supreme Court under Chief Justice Earl Warren. This struggle provided excellent data for Murphy. The discipline of public law, after dallying long with purely legal and philosophical questions, is finally at work on the "political science" of the judicial process—addressing itself to questions about courts as *loci* of political power within the American system. *Congress and the Court* is a sound example of this new work; the case study method is employed with a proper respect for its limitations, and Murphy's writing conveys the drama and texture of events in a way too uncommon among political scientists. In several respects the book is disappointing, but its major flaws are those of omission, and they do not seriously impair the value of what is offered.

The text may be conveniently divided into three parts. The first is a historical catalogue of the clashes between Congress and the Court from the founding of the Republic to World War II—from the dispute over *Chisholm v. Georgia* to the Nine Old Men and Roosevelt's Court Plan. This is the weakest portion of the book. The material to be covered is so vast, and the space that Murphy allots to it so small, that a breakneck pace is necessary simply in order that everything be mentioned. All the familiar stories are retold in a breathless way which leaves them discrete narratives, their interrelations and similarities unexplored. Mur-

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phy should not, perhaps, be taxed too heavily on this account since he included a historical apparatus only to supply a perspective for viewing the 1957–1958 data and to allow a bit more room for speculation about the implications of the Warren court fight. But, even in terms of these limited objectives, a more graceful and expanded statement of the Court-Congress "record" would have been worthwhile.

Another deficiency of this stage-setting section of the book must be noted. In his survey Murphy focuses almost exclusively on the dramatic and highly visible clashes between the two institutions. In doing this he ignores a whole dimension of Court-Congress involvement which, while mundane in nature, is significant for the understanding of congressional attitudes towards the court. Since 1945 it has become increasingly common for Congress to be involved in "reviewing" court holdings on such bread-and-butter matters as taxation and government regulation of business. Murphy notes the possible importance of such "routine" congressional activities (pp. 74–75), but he makes no attempt to explore it. Even a five or six-page discussion of this activity would have added to the value of the work as a whole.

The second part of the book is the case study proper, and it is here that the author hits his stride. The supposedly dangerous and subversive decisions of the Warren Court are set forth briefly and clearly. Then Murphy leads his readers across Capitol Plaza and, step by step, reveals the almost Byzantine-type strategies and counter strategies by which the Court's congressional friends and foes sought to pass or defeat a series of bills aimed at reversing the Court on particulars and weakening it in general. Murphy sensitively explores the alliance between ritualistically anti-Court Southerners (seeking revenge for 1954) and security-conscious conservatives smarting from decisions such as *Nelson, Service,* and *Watkins.* The treatment of the interest group activity in connection with the Court-curbing bills is fascinating. Murphy illuminates and carefully weighs the legislative impact of the National Association of Manufacturers, the Department of Justice, the AFL-CIO, and, most importantly, the FBI. The dramatic defeat of the major anti-Court bills in the closing moments of the Eighty-fifth Congress is tautly portrayed.

The final section of the work is an effort to suggest certain generalizations about the relationship between Congress and the Supreme Court in our system. A few of the propositions advanced here (such as Murphy's assertion that many judges probably believe Congress a better indicator of public opinion than poll reports) do not seem, to this reviewer, to flow directly from case study data. Several other fascinating observations (such as

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the author's conception of an ultimate congressional stake in the institutional survival of the Supreme Court and of judicial review) are underdeveloped—simply dangled before the reader without any attempt at exploration. The net effect of the section, however, is stimulation, and this is no mean service for students of the Supreme Court, taking their first faltering steps toward a theoretical statement of that institution's role in the larger political process.

RICHARD E. MORGAN

COLUMBIA UNIVERSITY

The American Partnership: Intergovernmental Cooperation in the Nineteenth-Century United States. By DANIEL J. ELAZAR. Chicago, The University of Chicago Press, 1962.—xvi, 358 pp. $6.50.

Since the inception of the Republic, federalism has been a major focus of interest for students of American government. Yet the operation and value, even the nature, of our federal system have never been wholly free from controversy. The significance of *The American Partnership* is its forthright challenge to a pervasive dogma about the operation and nature of our federal system in the nineteenth century—dual federalism. While it is no longer generally regarded as a valid description of intergovernmental relations in the twentieth century, dual federalism is still felt to be applicable to the earlier periods of American history. This is the bubble which *The American Partnership* is designed to prick. According to Mr. Elazar, "the pattern of American federalism . . . has been . . . constant . . . since the early days of the Republic" (p. 1). For "the amount of intergovernmental collaboration in the nineteenth century in relation to the total amount of governmental activity in American life . . . was no less than, nor substantially different from, . . . [that which exists] in the mid-twentieth century in relation to the total velocity of government. Co-operative—not dual—federalism has been the mode since the establishment of the Republic" (pp. 304–05).

If this thesis is unorthodox and provocative, the attempt to verify it is detailed, detached, and scholarly. The bulk of the book is devoted mainly to an examination of "specific, well-screened programs" of government in four states—Virginia, New Hampshire, Minnesota, and Colorado. The programs which are singled out indicate a large amount of intergovernmental collaboration with respect to such diverse enterprises as internal

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improvements (roads and canals), education, banking, and railroads. Indeed, "cooperation occurred where it is least likely to be found" (p. 2). From this fact Mr. Elazar infers that "cooperative" rather than "dual" federalism was the mold within which intergovernmental relations were cast even in the nineteenth century.

Yet even if such an inference is valid, the author seems now and again to obscure an equally important fact—that cooperation is, after all, a matter of degree, the significance of which varies in accordance with its type, amount, and perhaps other factors. In one sense, it may be sound to argue that "governmental activities in the nineteenth century . . . were shared by the federal and state governments in collaboration," (p. 24) or that "at any given time . . . the great majority of governmental activities were shared by all levels of government" (p. 336). But in another sense to argue so is misleading. The *existence* of collaboration is one thing, its *significance* another. For example, the existence of some types of collaboration adduced by the author —personal contacts and exchanges of information—are consistent with dual federalism in some of its forms, in the same way that some types of international collaboration are consistent with the maintenance of the sovereignty of the nation-states involved.

So much said, the fact remains that *The American Partnership* —a product of the Workshop in American Federalism at the University of Chicago—is a most valuable contribution. It merits the close attention of every serious student of the development and operation of American federalism.

WILFRID E. RUMBLE

VASSAR COLLEGE

The Presidential Election and Transition, 1960–1961. Edited by PAUL T. DAVID, Washington, D. C., The Brookings Institution, 1961.—ix, 353 pp. $3.75.

The publisher asserts that "this book builds on the notable series of Brookings election-year studies published in 1960." Perhaps it would be better to say that the volume updates our knowledge, and adds some useful interpretations. Paul Tillett provides this for the national convention, Charles A. H. Thomson for the mass media, Stanley Kelley, Jr. writes on campaigning, and Herbert E. Alexander treats party financing. Laurin Henry brings an analysis of the transition to, and general administrative arrangements of, the Kennedy Administration. Separate chapters are contributed by seven political scientists, two United States

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Senators, and a journalist. Considering this variety, one might expect uneven performances. Moreover, no single approach or methodology, either behavioral or traditional, is used—a factor which may displease some readers. Despite this, and within the context of their special assignments, the individual papers are competently written.

Over half of the chapters were prepared initially as Brookings lectures. As such, the book invites comparison with the earlier and widely used *Research Frontiers in Politics and Government* (1955). The latter is a more integrated and coherent work and of more enduring value to the professional political scientist. A problem with the present subject is how to keep it from being "dated." Editor Paul T. David is conscious of this and in the concluding chapter attempts to assess the potentialities of the period in terms of "continuing and further changes in political habits and customs." He has succeeded fairly well in integrating and weaving together the major conclusions of each author. One need not accept the more or less implicit contentions that long-standing precedents were broken and that significant changes will result from the 1960 campaign. But some most interesting items are presented for speculation; three may be singled out as illustrations.

Nationalizing forces are seen as clearly at work both in the selection of candidates and in their participation in the process of platform drafting.

> A pair of presidential nominees, each of whom could claim as much experience in dealing with federal government problems, is a phenomenon so rare in American history that one must go back more than a hundred years for any real counterpart. If these nominations reflect a new assessment of the requirements of the office . . . they may be as precedent-setting as those of 1876, when each party nominated an incumbent governor for the first time (p. 313).

A "fifty-state" campaign, the nation-wide television debates, and the recognition of the South as a pivotal area suggest further nationalizing tendencies. David concludes that "Many signs indicate that the party system as a whole now occupies what is probably the most highly competitive position it has ever reached in national politics . . . the general long-term outlook is for a continuation of a highly competitive relationship" (p. 339–340).

The importance of the religious issue appears in several papers. John Hightower in his assessment of the election's impact on foreign relations, for example, stresses that the Kennedy election was acclaimed abroad for the Senator's victory over bias and that it was interpreted "as encouraging evidence of political maturity

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in the United States." V. O. Key, Jr. devotes better than half of his post-election analysis to the "silent issue," and concludes that Kennedy probably won in spite of being rather than because he was a Catholic. His inspection of county data as opposed to national survey data on Protestant and Catholic voting behavior is an important methodological note.

The inclusion of a paper on leadership problems in and on the role of the opposition party by the then Republican National Chairman Thruston B. Morton is most welcome. Senator Eugene J. McCarthy's article on the Eighty-Seventh Congress makes interesting reading for the general reader but adds little to the knowledge of the teacher of government. He accurately foresaw Kennedy's difficulties with the House of Representatives and tells us that the body is more conservative than the Senate, but he avoids any effort to account for its complexion. In all, this book is better than the average symposium.

HUGH A. BONE

UNIVERSITY OF WASHINGTON

The Compleat Politician: Political Strategy in Massachusetts. By MURRAY B. LEVIN with GEORGE BLACKWOOD. Indianapolis and New York, The Bobbs-Merrill Co., 1962.—334 pp. $5.00.

Here is a book that is important less for its quality—which is not outstanding—than for the fact that it provides the most complete account we yet have of some important new facets of American politics. The central theme is the difficult problems faced by candidates and their advisers (campaign managers, eggheads, pollsters) in working out a campaign strategy and in making crucial tactical decisions. Since the particular setting examined by Levin is the Massachusetts gubernatorial campaign of 1960 (Joseph Ward won the Democratic primary, but lost the election to Republican John Volpe), two other themes are of importance. These are the workings of the Massachusetts state political system and the problem of "political alienation" in the electorate, both of which give some cause for alarm.

Levin's approach is a common-sense modification of the procedures used in his shorter study of the 1959 Boston mayoralty election, *The Alienated Voter*. A general account of the setting and the campaign is combined with analysis of a small sample survey of the electorate. The important new data of this study are the result of eighteen lengthy tape-recorded interviews with the major candidates and their leading advisers. Obviously there are difficulties in getting crucial information so directly from the political actors themselves, but Levin seems to have enjoyed ex-

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cellent access. A few refused to cooperate and others obviously did not "tell all," but on balance the plan to focus on the candidates' decision-making problems is rather well carried out.

The resulting insights into the processes of developing strategy —often with very imperfect information and under heavy time pressure—are intriguing. They make *The Compleat Politician* an important supplement to Stanley Kelley's earlier book on *Professional Public Relations and Political Power.* Kelley concentrated on some rather extreme situations in which virtually the whole of a campaign was turned over to a public relations firm; this seldom happens outside California and seems on the way out even there. The more typical situation is for a candidate and his *ad hoc* team of advisers to call for limited (and preferably cheap) advice from the public relations men and polling establishments. The advice from the latter sources may or may not be sound, and may or may not be accepted; Levin cites examples of each happening.

The book has its weak spots. For one thing there is no index, which is a major handicap. Some crucial candidate decisions are not covered. Why, for example, did "Chub" Peabody (the winner in 1962) fail to decide to enter the 1960 primary until it was virtually too late; this looks like a case where the failure to make a positive decision amounted to a very important negative decision. For another, why did Secretary of State Ward, who had convention endorsement, permit (order?) his office to modify the ballot form in a crucial—and highly controversial—manner? This seems to have been Ward's most disastrous decision, hurting him in both the primary and general elections. Finally, campaign finance played a crucial role, but Levin makes no use at all of the detailed, and usually revealing, campaign expense statements which must be filed in Massachusetts within thirty days after an election.

The book is also less successful in dealing with "political alienation" and with the nature of Massachusetts politics in general. Levin supplies strong evidence that an unusually large percentage of Massachusetts voters, especially around Boston, have strong tendencies toward cynicism and a "politics of revenge." But he tends to unnecessarily reify the "alienated voters" as a specific bloc (which they surely are not), and fails to capitalize on the advantages of a regional rather than national sample. Optimum strategy for a regional analyst is not to argue about national tendencies, but to show how his particular area is different. Indeed, it may be that *all* areas are in some significant ways different and that national samples, while interesting in the

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abstract, may be quite misleading as to the situation in any given city or state.

There is a clear and present need for a comprehensive book on postwar Massachusetts politics. One hopes that Levin and Blackwood will now "cease and desist" from turning out hasty monographs on individual elections, even though 1962 was doubtless a tempting subject, and that they will turn instead to a more thorough analysis of the Bay State.

HUGH DOUGLAS PRICE

SYRACUSE UNIVERSITY

Strategy, Politics, and Defense Budgets. By WARNER R. SCHILLING, PAUL Y. HAMMOND, and GLENN H. SNYDER. New York and London, Columbia University Press, 1962.—viii, 532 pp. $10.00.

The postwar period has seen a vast increase in attention to the policy issues of national security. There has been almost no study, however, of how American military policy is made, little examination of the politics of decision-making in military strategy in the United States. The virtual absence of studies of defense decision-making reflects, as William T. R. Fox points out in his foreward, the myth that questions of national security "are above or, at any rate, somewhat apart from politics" (p. viii).

Strategy, Politics, and Defense Budgets consists of three excellent case studies of decision-making in the crucial period when the arms race in which we are now engaged began. The first is a study of the fiscal 1950 defense budget by Warner R. Schilling; the second is a study of NSC-68 (a National Security Council document which urged a vast increase in defense spending just prior to the Korean War) by Paul Y. Hammond; and the third is a study of the Eisenhower New Look of 1953 by Glenn H. Snyder. The volume, along with Samuel P. Huntington's *The Common Defense,* (both products of Columbia's Institute of War and Peace Studies) provide the beginnings of a literature on the politics of defense.

Glenn Snyder in his study of the Eisenhower New Look presents a reinterpretation of what has been the general understanding of the motives for and the way in which the Eisenhower administration revised Truman military policy. He makes it clear, for example, that the extent to which policy was changed has been greatly exaggerated, that the role of Secretary of State Dulles in bringing about the transformation likewise has been exaggerated, and that the policy stemmed mainly from Eisenhower's own

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views. Snyder presents a very different picture of Eisenhower's role. He demonstrates quite convincingly that at least in the early stages of his administration—and it seems in the later stages as well—the President was a very active participant in the making of defense policies. The part which economic policy played in shaping military strategy is also made clear by Snyder in his stress on the importance of the role of George Humphrey and the "Great Equation" which emphasized the need for a balanced budget.

Paul Hammond's "NSC-68—Prologue To" is a careful examination of a study which might have led the Truman administration out of an approach to military policy similar to Eisenhower's even without the stimulus of the Korean War. Hammond, as well as Schilling and Snyder, did a great deal of interviewing in the preparation of this study, and he is thus able to shed much more light than has previously been available on document NSC-68. The study makes clear that NSC-68 grappled in a significant way with the real problems facing the United States and that it recognized that the current defense budgets were far too low for the political obligations which the United States had adopted. Hammond is perhaps unduly preoccupied with the question of what difference NSC-68 in fact did make or might have made, and thus does not adequately come to grips with the question of why a study of this kind and of this importance has not been made since by officials of the government and why this role has been delegated to such consultant groups as the Gaither and Killian Committees. The members of the group that worked on NSC-68, including Paul Nitze and others on the policy planning staff of the Department of State and members of the joint staff of the Joint Chiefs of Staff, were able to fight for their recommendations once they drew conclusions from their studies, as the outside consultants who have since been brought into this kind of study have not been, precisely because they were members of the decision-making hierarchy.

Schilling's study of the 1950 Defense Budget is, surprisingly enough, the only existing detailed case study of a military defense budget in the postwar period, despite the fact that defense takes a major share of the federal budget and accounts for something like ten per cent of the gross national product of the United States. There has been an incredible lack of attention to the question of how decisions are made on defense budgeting. Unfortunately, so much has changed since the period with which Schilling's study deals that it is difficult to assess its relevance for decision-making in the McNamara or even the Wilson Pentagon.

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Nevertheless, for an understanding of how the problem of defense spending was viewed in the pre-Korean period, the study is indispensable, and it offers much grist for the mill of general theorists of decision-making within the American government and, in fact, in bureaucracies in general.

These three studies go far to make clear that decision-making on defense cannot be the rational process of deciding on the "best" policy which is implicit in many policy studies on defense. But they seem to go perhaps too far in suggesting that defense is "politics" like anything else. Defense is different from at least some issues in domestic politics where the question basically is, How shall economic or other resources be distributed within the population? There is an irreducible element of common national interest in defense decisions. Investigations from the point of view of the general interest of the United States are not only of academic interest, but also have much greater importance in the actual making of decisions than these studies would suggest. In short, the impact which civilian defense intellectuals have had on military decision-making stems in part from the fact that defense decisions are different from decisions, for example, on farm policy; it is this difference that fails to be given proper attention.

Nevertheless, given the tendency to err in the opposite direction and to assume that defense is apolitical, one can only applaud this demonstration that, in fact, to a large extent defense decision-making is political decision-making. This suggests that the insights on decision-making in these studies should be of interest to students of American politics, and of politics in general, as well as to specialists on defense policy. The path this book takes leads to a combined study of the policy issues of defense and the politics of defense in an effort to understand better both the process of decision-making and how that process can be influenced toward policies which seem to be in the national interest.

MORTON H. HALPERIN

HARVARD UNIVERSITY

The Amateur Democrat: Club Politics in Three Cities. By JAMES Q. WILSON. Chicago, University of Chicago Press, 1962. —xv, 378 pp. $6.95.

In *The Amateur Democrat* Professor Wilson of Harvard has given us another very readable volume on American urban politics (*Negro Politics* was his first). This excellent description of the New York, Chicago, and Los Angeles reform club movements and their members has been directed to a wide audience of citi-

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zens, politicians—professional and amateur—and scholars. Each will benefit, the citizen in learning about those who have been exhorting him to vote against the bosses, the professional politician by understanding his enemy, and the reformer by knowing himself. For the scholar, Wilson offers an interesting application of organization theory to party politics, a comparative analysis of the three largest polities in the nation and a provocative appraisal of the reformers' requests for political parties that are programmatic, internally democratic, and free of patronage concerns.

The lack of an adequate theory to explain American political parties, much less local clubhouse behavior, has driven Wilson to use a theory of formal organizations as a conceptual framework, although the applicability of this theory is not clearly demonstrated. The author posits that the central problem facing the reform Democratic club, as in any organization, is how to concert the will of the members in an incentive system which involves commitment to, and creates constraints on goals, tactics, and leadership. Few amateurs would recognize their clubs in these terms. However, the author portends disaster for the Democratic party if the reformer, unwilling to acknowledge these organizational prerequisites, should gain complete control.

Wilson is realistically interested in the amateurs who attain only partial success and become simply one additional source of pressure in a struggle between the "haves" and the "have-nots." He contends that the amateur—young member of the middle class intelligentsia—is ill prepared to lead his party into battle because he has few contacts with the "excluded majority"—Negroes, Mexican-Americans, Puerto Ricans, organized labor, financial interests, and professional politicians. Yet the amateur develops good government programs and acts *as if* his plans could be realized, which reflects his ignorance of the true state of affairs. This reduces the debate over issues to a spurious device for generating incentives for activists of volunteer organizations rather than a discussion of real policy alternatives.

This is an ambitious and much needed attempt at a comparative study. The author admits the "maddeningly refractory nature of the data." However, more systematic attention should have been given to comparable systems and units of analysis. At times the reader feels that data have been manipulated to reinforce a preconceived explanation of contemporary urban politics instead of delineating the conditions that account for amateur success in Los Angeles ("The Search for Power"), for partial success in New York ("The Struggle for Power"), and for failure in Chicago ("The Surrender to Power"). The answer to this central problem of any comparative study will elude most readers.

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The author's refreshing appraisal of the new party politics raises the classic concern with democratic versus oligarchic structures. Should the party apparatus confront the electorate with a choice between leaders rather than policies and insulate the leaders from veto pressures of local public opinion, or should the party be converted into a plebiscitary mechanism for taking crucial decisions into the marketplace? There are a few reformers who are more than insurgent, who are frustrated and impatient with the narrow American political dialogue and would, if they could, reform the social system. But they have great difficulty getting an audience in the big cities today. The author, once an amateur himself, tends to side with the professionals who know and like the game of politics.

Professor Wilson has produced a study that moves in the right direction—empirical, comparative, theoretical. He has laid the foundation for useful, empirical theory-building about the political behavior of these "instrumentalists" who have an impact not only in the big city but across the nation as well.

BERT E. SWANSON

SARAH LAWRENCE COLLEGE

Essays on the Behavioral Study of Politics. Edited by AUSTIN RANNEY. Urbana, Ill., University of Illinois Press for the International Political Science Association, 1962.—xi, 251 pp. $5.00.

All but one of the essays comprising this volume were prepared for an International Political Science Association round-table held in Ann Arbor in 1960. And all of the authors (not excluding a statistically-inclined Pole) are personally committed to the behavioral approaches. On the whole the papers are heavily bibliographical, listing the labors that others have performed in the new vineyards.

Those already within the fold will be gratified to see how much cash, sweat, and tears has been expended by so many. The not-entirely-persuaded will look to this book for an answer to the question that by this time has become their stock-in-trade: Given the elaborate and expensive apparatus—the frames of reference, the analytical models, the conceptual schemes—what do we now know about political life that we didn't know before?

That answer of course depends upon what one regards as knowledge worth knowing. But it depends even more on something else. Advances through the approaches of the behavioral sciences ultimately rely on the quality of intellect of the behavioral scientists themselves. The machines are not self-operating; someone has to feed them. This is granted by James

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March, who discusses the "potential utility of electronic computer programs" as a means of discovering how organizations go about making decisions. To be sure, there are some problems. Not least is discovering the relevant facts, assigning each fact a weight proportionate to the role it played in the decision-making process. The computers are getting faster and smarter every month. But programming these machines falls to old-fashioned human minds. There is not much evidence that the people working with these data have powers of perception that are in any way extraordinary. So where do we stand in computer-land? "At the moment," March admits, "standard computer alchemy calls for an interesting mixture of rough statistical tests, rules of thumb, and scientific commonsense to determine the adequacy of a complex model."

Most interesting of all—although March and his fellow authors do not seem to realize it—is that phrase, *"at the moment . . ."* The implied plea is for time, more time. If the complexities of politics are only dimly understood "at the moment," the assumption is that we will come into possession of that knowledge at some time in the future. But if we do it will be because a single intellect—a Marx, a Weber—emerges. Such a man, born with a brilliance denied to the rest of us, will not, however, be the product of group research, foundation grants, or even electronic computers.

But we do know some things that we did not know before. Angus Campbell, drawing on the admirable Survey Research Center voting studies, can report: "In the states which make it relatively easy for the voter to mark a straight ticket, . . . the number of straight tickets marked is some —% higher than in those states where the ballot requires a series of separate decisions among the candidates for each of the various offices." I have purposely left the percentage blank. For it is what I mean by new knowledge. Commonsense, that blood-encrusted weapon of the traditionalist, tells us that there will be more straight-ticket voting where the printed ballot is set up in straight-ticket form. But *how much* more? Ten per cent more? Fifty per cent? One hundred per cent? Commonsense, unfortunately, does not give us precision. Only a systematic survey can give us precise information. The figure, it so happens, is twenty per cent. And it is an honest-to-goodness fact; it may be humble but it is still one we did not know.

The future of the behavioral study of politics lies not with the conceptualizers, the model-builders, or the computer-buffs. It rests rather with unpretentious empiricists like Campbell. Pre-

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cision in knowledge is to be valued by all who think politics is more than poetry. And if some old wine is being served up in new bottles now labelled "behavioral," the empirical tradition will continue to serve us well so long as the vintners stick to their vats. Above all, they should not try to anticipate whatever great theories an uncharted future has in store for us. Amon Nzeribe's *General Theory of Politics* (Lagos, 1993) will not appear before he is ready to write it. And we had better be patient, for the author is just celebrating his eleventh birthday.

ANDREW HACKER

CORNELL UNIVERSITY

Nationalisation of Foreign Property. By GILLIAN WHITE. New York, Frederick A. Praeger, Inc. (for The London Institute of World Affairs), 1961.—xxvi, 283 pp. $13.75.

The readers of this Quarterly hardly need to be told that protection of foreign property interests is today one of the most critical and controversial areas of international law. Nationalization of foreign property has played a significant role in many political crises since 1917, from Mexico to Iran and from Suez to Cuba. Norms which seemed well established before World War I have been thrown in doubt by the actions of many governments in Latin America, Asia, the Middle East, and the Sino-Soviet bloc. The resulting sense of insecurity among investors is widely regarded as one of the obstacles to the flow of private capital to the countries where it is most needed.

Miss White's monograph is written with admirable thoroughness and restraint. Her purpose is "to formulate the legal rules governing nationalisation of foreign property which now appear to be recognized by the practice of States, and to see whether and to what extent these rules differ from those which were generally accepted before 1939." Her approach is that of the legal positivist. Much attention is given to the provisions of the various compensation agreements concluded since World War II. The political aspects and implications of the problem are mentioned, but not fully explored. There is, however, a section on the "economic effects of nationalisation on the flow of investment." No attempt is made to predict the future course of the evolution of the law.

In addition to the central question of compensation, the author deals with such matters as the nationality of owners, including corporations, "the rule of non-discrimination," the immunity of foreign state property from nationalization, and nationalization in breach of a concession. The concluding chapter is devoted to

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the various devices developed or proposed for the protection of the foreign investor, including treaty provisions, investment insurance, and remedies in municipal courts.

The author's conclusions are moderately conservative. On the crucial question of compensation, she recognizes that the traditional formula of "prompt, adequate and effective compensation," still upheld by the major western governments, now has a hollow sound. She is markedly cautious, but suggests that in normal circumstances "two factors might well serve as a basis for a reasonable settlement of the differing interests of the two parties; namely, the net value of the assets of the nationalised activity on the day of the taking over by the State; and any special circumstances reducing the value of the activity (such as the duration of concessions)." She points out that the acceptance of lower amounts in the lump-sum settlements with the East European states was due to special circumstances.

Despite the author's thoroughness and moderation, not all of her conclusions are convincing. Like many other writers, she valiantly upholds a broad interpretation of "the rule against non-discrimination," despite the paucity of state practice supporting such interpretation. The "rule" is extended by the author to cover even enemy-owned property. The view that international law contains no definition of "property" reflects a failure to analyze the problem in sufficient depth and to consider the similar problem which has arisen under such constitutional provisions in federal states as the Fourteenth Amendment to the Constitution of the United States.

Only a few errors and omissions have been found. There is no mention of certain unpublicized settlements between the Soviet Union and some western governments (notably Sweden) after World War II for properties taken by the Soviet government in newly acquired territories, nor of the interesting discussions in the Allied Council for Austria of the problem of nationalization of foreign state property. Termination of a state of war tends to be confused with termination of hostilities. The United Nations Economic and Social Council is referred to as if it were a subsidiary organ of the General Assembly. There is a glaring contradiction between two statements (pp. 202 and 221) concerning the claims settlement between the United States and Poland.

Miss White's book is an indispensable research and reference aid for all those concerned with the treatment of foreign property. It is equipped with tables of cases and treaties, a bibliography, and an index.

OLIVER J. LISSITZYN

COLUMBIA UNIVERSITY

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Case Studies in European Economic Union: The Mechanics of Integration. By J. E. MEADE, H. H. LIESNER, and S. J. WELLS. London and New York, Oxford University Press, 1962. —vii, 424 pp. $6.10.

Students of international affairs are once again indebted to Chatham House for publishing a scholarly, sensible, thoughtful, and highly useful piece of research. Professor James Meade here analyzes the development of the Belgium-Luxembourg Economic Union (BLEU) and—with the assistance of Mr. S. J. Wells—of Benelux (BNL), while Mr. H. H. Liesner contributes a detailed study on the development of the European Coal & Steel Community (ECSC). Some of this material has appeared previously but is now out of print or not conveniently available. It is useful to have it brought together in this form, where the various experiences of three European Common Markets can be looked at side by side. Professor Meade has contributed a fascinating introduction, in which, in his usual lucid style, he points up the similarities and the contrasts. As the subtitle implies, the inquiry is addressed not to the economic value or potential effects of these unions, but to the more urgent and significant problems of how economic unions can be made to work, what problems are likely to arise in their implementation, and what solutions have proved useful in meeting these problems. It is to such questions that the present volume provides pertinent and often extremely interesting answers.

For example, even in as easy, close, and relatively successful a union as BLEU, it was necessary to make special provisions to meet the political, social, or economic needs of particular sectors. As Meade amusingly notes: "... any economic union would itself be an exception if it did not include an exception for agriculture."

As a second example, the alignment of tariffs in these unions proved a surprisingly minor part of the total problem. The difficult issues lay elsewhere. In BNL it was hard to get rid of quantitative restrictions, and there were serious balance of payments disequilibria, arising from the absence of harmonization of monetary-fiscal policies. In ECSC the main difficulties were in the regulation of competition, in rationalizing of production, and in harmonization of transportation charges.

As a third example, it is reassuring and somewhat surprising that despite free rights of labor transfer in BNL, the small distances involved, the favorable linguistic situation, and the large wage differential, relatively few of the Dutch migrated to Belgium. A major reason, no doubt, was the higher unemployment

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rate in Belgium. But if migration mirrors employment opportunity as faithfully in other cases, freedom to migrate within a Common Market may create fewer difficulties than have often been feared.

These are only a few of the fascinating observations with which this book is packed. To be sure the conclusions drawn from these partial or limited examples of economic union cannot be assumed to be universally applicable. The authors warn particularly against applying them to economic unions being attempted among underdeveloped countries. They hope, though, that they may be directly useful in the building of the European Economic Community and its amalgamation with the European Free Trade Area. Even here, the authors would, I am sure, admit that the lessons cannot be automatically applied.

If the book has a weakness, it is in its relative neglect of purely ideological aspects, particularly of nationalism and internationalism, or supranationalism. Its authors probably view such matters as "political" rather than as "economic." Nevertheless, nationalistic attitudes may be at the heart of the difficulties involved in making an economic union work, just as the will to override nationalism and to achieve a political association may be an essential ingredient in overcoming the inevitable obstacles posed by vested interests. It is no real criticism of this excellent volume that its authors considered such matters beyond their purview, but the question is once more raised as to whether the traditional division of academic disciplines in the social studies is really very helpful when we confront the real problems of societies.

Emile Benoit

Columbia University

Central Planning in Poland. By John Michael Montias. New Haven and London, Yale University Press, 1962.—xv, 410 pp. $7.50

Within reasonable compass and with high readability, this first-rate book acquits itself successfully of a triple task: to develop a formal theory of central planning of the Soviet type, to describe the practice of Polish economic planning, and to trace its ebb and flow over the eventful years from 1945 to 1960. The book's special merit lies perhaps in the skilled interweaving of the three threads—abstract, institutional-descriptive, and historical. Its stress is on the planning of industrial production and the closely related problems of industrial price formation. Other sectors of the economy (agriculture, foreign trade, labor, consumption,

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and so forth) are brought into the picture only incidentally, on the ground that they are subject to quite different modes of planning or to none at all. In sum, the reader finds here a thorough and trenchant analysis of a special, albeit large and very important problem; he should not expect a rounded treatment of the whole Polish economy. Moreover, the book is written for the specialist who is at home with rigorous theoretical construction (although the mathematics of the author's model is relegated to two lengthy appendices) and preferably also with the institutional facts of a Soviet-type economy. It rests on Montias' close knowledge of the large Polish economic literature and on some personal interviewing.

On the formal and abstract plane the book makes a notable and in part original contribution by way of adapting the modern apparatus of economic theory to the East European setting. The conditions and implications of feasibility, consistency, and efficiency in Soviet-type planning, the essential differences between short-range and long-range plans, the meaning of prices where producer goods are rationed and managers are largely price-insensitive, the compatibility or lack of compatibility between rational prices and physical planning—these theoretical questions are explored imaginatively and rigorously, although often with a conciseness that whets the appetite for more. The informed and perceptive analysis of the Polish price structure should be particularly noted.

In describing Polish planning and operating reality the author covers ground that is generally familiar to students of the Soviet and East European economies. (In fact, references to other such descriptive accounts would have been welcome.) That this reality is immeasurably cruder than the author's elegant model is of course not surprising. What may be surprising at first blush is the paucity of formal and disciplined thinking on the subject in Poland, or for that matter in the whole Soviet sphere, until the most recent years. The author has some good observations on this point, especially on the calculus-scorning optimism of what he calls the second stage of Polish planning, a stage that tapered off gradually between 1953 and 1956.

It is in the author's third stage—in which certain resource scarcities become more telling while, as it happened, doctrinal barriers to rational economic thinking began to give way—that questioning and introspection suddenly unfold in many hues to clash with Soviet-Marxist orthodoxy, in the extensive debates on the "economic model," "law of value," and price formation. (Here, too, a word about the contemporaneous but not quite identical Soviet experience would have been helpful.)

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Montias gives a valuable analysis of the bitter polemics among Polish economists on these issues, of the eventual pallid compromises under official auspices, and of the effect that the whole affair had on the actual price structure and on institutional reality. In regard to the last, the story is strikingly brief in its main outline even if complex in detail; virtually all the initial steps to decentralize and rationalize the Polish economy quickly came to naught (with the well-known exception of the decollectivization of agriculture, of course). In Montias' opinion, while inflationary pressures of 1958–59 were proximately responsible for the final erasure of the post-1956 reforms, ideological counter-advance and bureaucratic corrosion were nibbling them away even before that, so that the ultimate result was hardly in doubt. This reviewer does not object to the conclusion, but he would have been pleased to have seen a fuller investigation in this context of the purely economic limits of decentralization within the framework of a Soviet-type (that is, non-market) economy. How far can such decentralization proceed without disrupting the mutual consistency of the sectoral plans and the internal balance of the economy, without at the same time invoking the politically unpalatable market mechanism? Is there a practicable half-way house between central planning *à la russe* and market socialism *à la yougoslave*? Polish experience cannot answer this question because the brief "Polish road to socialism" never even came within sight of such a point, but the answer would be of interest not to the economist alone.

GREGORY GROSSMAN

UNIVERSITY OF CALIFORNIA, BERKELEY

Men in Uniform: Military Manpower in Modern Industrial Societies. By M. R. D. FOOT. New York, Frederick A. Praeger, 1961.—x, 161 pp. $3.50.

For a long time students of military matters have needed a reference volume containing available but difficult-to-locate information on recruitment and organization policies of contemporary armies. The English-reading world has not had much that it could regard as worthwhile in this respect for almost a century. *Men in Uniform* is designed to fill the gap; unfortunately it will not help the scholar or the soldier.

Mr. Foot discusses thirteen existing military systems and, for some obscure reason, a hypothetical one proposed in 1911 by the French Socialist Jean Jaurès. The examples illustrate four gen-

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eral military forms. The first three forms are very familiar: "conscript system" (France, Turkey, Denmark, and the USSR); "citizen army" (Switzerland, Sweden, Israel, and 'Juarèsiste'); "voluntary system" (United Kingdom, Australia, and Canada). The fourth type, the "mixed system" of the United States, Belgium, and West Germany, is the author's own discovery. This fourth type resembles the conscript system, for both combine volunteers and conscripts in varying proportions. In fact, conscript and mixed systems are so closely related that Mr. Foot's basic distinction is unacceptable. The latter ostensibly contains "more" regulars than the former, but even the author notes that he cannot always distinguish them and adds that there "is no point to establishing rigid definitions of maximum percentages of regulars" (p. 85). Mr. Foot thus removes the only meaningful distinguishing criterion he would permit in the first place! Moreover, he fails to emphasize that the same army can be conscript one day and mixed the next without any change in the law governing recruitment. Previous writers knew that armies engaged in *frequent limited* overseas action must rely on volunteers and regulars, and that the conscript proportion will be increased in different international circumstances. They saw no reason, therefore, to distinguish conscript from mixed systems. Mr. Foot should understand that there is more to classification than estimating recruitment percentages at any one time, for even the volunteer forces he selects cannot be fully discussed without emphasizing that they are designed to train and/or serve alongside militia or conscripts occasionally. A true professional army, like a true citizen force, is *not* transformed when the international climate changes slightly; it is not found in Canada but in many underdeveloped countries, especially in Latin America. A study of real volunteer armies might have checked Foot from thinking that they always produce the "best soldiers" (p. 152), but then he forgets that his own discussion of citizen armies contradicts this contention. The allusion to industrial societies in the volume's subtitle is difficult to understand. Familiar clichés concerning technology's impact on military institutions are repeated, yet all of the types discussed antedate the industrial revolution and no reason is given to believe that one or the other system is more or less appropriate to a "modern" economy. The future, of course, may alter the situation entirely, but foreign commitments and the domestic political system are still, as they *always* have been, *the* dominant factors shaping the *general* character of military formulae.

The data are badly organized, for the same subjects are not dealt with in each case study. Most statements should be treated with

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caution, for only the British army material is satisfactorily documented; several countries are discussed without a single, let alone a reliable, text. Many statements are wrong; for instance, despite Scharnhorst there was *no* difference between Prussian conscription policies in the eighteenth and nineteenth centuries (p. 33). Others are dubious; they should at least be supported by evidence, as in the case in which the author states that ninety-three per cent of American military personnel are volunteers (p. 108). Also, the author's attitude is irritating. He talks about volunteers as being "killers for money" and frequently leaves his subject to worry about other matters; for instance, a lecture to the pacifists and a plea for the expansion of the Peace Corps. Often, he writes about questions for which he has little demonstrated competence: the consequences of urbanism, socialism in the United States, the ease with which an American can pretend to be a homosexual and thus evade conscription—all this and much more in a modestly proportioned book! The over-all impression is that the work is a "potboiler" designed to capitalize on the growing academic taste for military tidbits.

DAVID C. RAPOPORT

UNIVERSITY OF CALIFORNIA, LOS ANGELES

The Arab World Today. By MORROE BERGER. Garden City, N. Y., Doubleday and Company, Inc., 1962.—480 pp. $5.95.

This volume is the most comprehensive account of the Arabs and their world that the present reviewer has had the privilege of seeing. Furthermore, the author is a scholar of unquestioned authority in this field. He is associate professor on the staff of the program of Near Eastern States at Princeton University, and has been visiting professor at Columbia University and the University of California. In addition to this purely academic teaching experience, Professor Berger has been active in the organization of international conferences in this country and abroad, and as a corresponding member of the Institute for the Study of Economic and Social Development of the University of Paris and of the Peruvian Institute of Higher Islamic Studies.

There are several features of this book that the reader will find significant. Although the Arab world is considered as a whole, the peculiar characteristics of individual states are brought out. This is particularly true of the five nations that are most specifically treated, namely, Egypt, Iraq, Jordan, Lebanon, and Syria. This is a period of great flux and change in the Arab world, made particularly striking for comparisons between the old Islamic re-

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ligion and social conservatism and the new rapidly-changing conditions into which modernism has plunged the Arab countries with great suddenness. We too often lose sight of the fact that the same spirit that impelled the European nations four centuries ago stirs the new nations today in the Middle East. They are striving for the same general goals of political independence, economic advance, and social and spiritual changes in order to keep pace with the modern world. And in these new Arab states the chief purpose appears to be the attainment of greater national strength through modernization. Our author understands clearly the distinctions between the old and the new, and develops them with a wealth of illustrative material, much of which is taken from personal experiences.

As we in the western world probably do not sense the depths of the political and social change in the midst of which we are living, it is certain that the people of the West have inadequate comprehension of the revolutionary changes in thinking and behavior of the people in the Arabic world of Islam. To gain an appreciation of the depth of these changes, a period of residence among the Arab people and a knowledge of the native language are highly important. These are qualifications which Mr. Berger possesses, and they account for the lively and fascinating story that he has given us.

The changes in question have pervaded every nook and cranny of Arab life in all its relationships, in the economic, geographical, historical, political, religious, and social influences that have been important in the formation of the Arab character of the present day. Of special concern are the influences upon the middle class which was practically non-existent in the days of the Turkish Ottoman Empire, and upon the status of women who are taking their places in the world outside the home, a position which reflects the attitudes and customs of their sisters in the western world. The mass media of today, as well as the growth and modernization of the cities of the Arab countries, have accentuated and accelerated the changes which in an earlier world normally would have taken much longer to accomplish.

The text includes statistical tables and charts of great value and an extensive list of sources. This portrayal of the contemporary Arab world is both timely and significant, for the western world is largely in ignorance of the area that includes the Cradle of Mankind. Many of the book's chapters read as easily as do those of a well-written novel. Both the scholar and the general reader will be rewarded by reading this volume.

EDGAR J. FISHER

AMHERST, VIRGINIA

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Tsar and People: Studies in Russian Myths. By MICHAEL CHERNIAVSKY. New Haven and London, Yale University Press, 1961.—xix, 258 pp. $6.00.

Tsar and People is an unusual book. A student of Ernst Kantorowicz, Professor Cherniavsky set out to deal with two central myths of Russian history, the myth of the "Holy Ruler" and the myth of "Holy Russia." In some two hundred and thirty pages he covers Russian history, in terms of his two myths, from the conversion of the Kievan state to Christianity in 988 A.D. to the Bolshevik Revolution of 1917. Ancient chronicles and Dostoevsky's *Diary of a Writer,* iconography, Peter the Great's edicts and Blok's poems, as well as much else, serve as the material of the study. Twenty fascinating illustrations, ranging from old frescoes and portraits from the *Great State Book* of 1672 to Nesterov's paintings, supplement the text.

After a brief "Introduction" three chapters discuss the myth of the ruler as it evolved, in Professor Cherniavsky's opinion, through Russian history: from "Saintly Princes and Princely Saints" of Kievan times to "the Most-Gentle Tsar" of Muscovy and, finally, to "the Sovereign Emperor" of the imperial period. The four chapters which follow deal with the nature, historical evolution and aspects of the concept of "Holy Russia." They are entitled "Holy Russia," "the New Orthodoxy," "the Russian God" and "the Russian Soul." The volume ends with a concise "Epilogue," a bibliography and an index.

While extremely interesting, the author's interpretations generally fail to convince. The very nature of the approach which involves the reading of the minds of masses of people who lived centuries ago and left only very limited and disparate evidence of their views behind them leads to vagueness and at times to unbridled speculation. Isolated items, such as the statement of a chronicler that Vasily II was not allowed to become a monk on his deathbed or the appellation of Tsar Alexis, are made to carry crushing burdens of exegesis and interpretation. Professor Cherniavsky's major contentions, including that of the existence of the myth of "holy ruler" as well as that of an antithetical relationship between that myth and the myth of "Holy Russia," remain far from proved. As to the author's treatment of more modern times, the reader is surprised by the apparent seriousness with which Professor Cherniavsky discusses the post-Petrine view of the Russian ruler as "human god." If he does so because he prefers to treat form rather than content, what is left of the meaning of earlier myths? Professor Cherniavsky insists that the development of Russian history—at least until 1917—was cabined

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and confined by old myths. While this idea deserves close attention, the author's own application of his approach is not always fortunate. For example, it is very difficult to conceive of Nicholas I as in large part a Muscovite tsar, Herzen to the contrary notwithstanding. The principles of Official Nationality, it should be added, were "Orthodoxy, Autocracy, and Nationality," not "Autocracy, Orthodoxy, and Nationality" (pp. 149–150), and a specialist in myths, such as Professor Cherniavsky, will readily realize that the actual order of the words was also the only one possible.

Yet a review of *Tsar and People* should not close on a negative note. After all, Professor Cherniavsky has explored an extremely difficult and largely uncharted area of knowledge, and he has done so with originality, ability, and an expert appreciation of Russian culture over a very broad span of time. His opinions and arguments are frequently suggestive and occasionally brilliant. Indeed, *Tsar and People* alone does much to counteract the myth of American scholarship about Russia as concerned entirely with the present, as being narrow and as adverse to speculation. If more studies of this character are written in the United States—perhaps by Professor Cherniavsky's students?—that myth will have to be buried.

NICHOLAS V. RIASANOVSKY
UNIVERSITY OF CALIFORNIA, BERKELEY

The Japanese People and Foreign Policy. By DOUGLAS H. MENDEL, JR. Berkeley, University of California Press, 1962.—xi, 269 pp. $6.50.

Parties and Politics in Contemporary Japan. By ROBERT A. SCALAPINO and JUNNOSUKE MASUMI. Berkeley, University of California Press, 1962.—ix, 190 pp. $3.75.

Because of American influence, Article 9 of the 1947 Japanese Constitution declared: "The Japanese people forever renounce war as a sovereign right" and guarantee that "land, sea, and air forces, as well as other war potential will never be maintained." Thirteen years later, teeming mobs were demonstrating against a revised security pact with the United States. These "anti-Eisenhower" riots shocked the American public and occasioned apprehension about the stability of postwar democracy in Japan. Underlying this mass outburst, as Professor Mendel reveals, were basic Japanese popular attitudes towards defense and foreign problems plus, as Professors Scalapino and Masumi indicate, the absence of a viable two party system, a faction-ridden majority

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party and a pervasive skepticism that the Diet represents a limited number of special interest groups. These studies provide the best introduction to the contemporary political scene in Japan, especially to the dramatic events of May and June of 1960.

By analyzing regional and nationwide public opinion polls taken between 1952 and 1961, in order to delineate dominant voter and interest group attitudes on every important foreign policy issue confronting the Japanese government, Mendel has made a valuable contribution. What is perhaps of greatest interest about the majority of Japanese is that they: (1) prefer the United States to the Soviet Union as an ally; (2) favor a peaceful settlement of the problems caused by the Rhee line; (3) harbor a deep hostility toward American military bases in Japan and in Okinawa; (4) favor a recognition of Red China and of a Taiwan government; and (5) have an intense attachment to pacificism. Since these attitudes are strongly held by the younger, better educated, and urban voter, Mendel judges, "the widespread defection of younger and female conservatives from Liberal-Democratic policies on rearmament will lead the Cabinet to avoid moves to amend the constitution, acquire nuclear weapons, join any regional alliance, or otherwise follow the advice of many Japanese veterans" (p. 92). If this proves a correct estimate, it casts immediate doubt on the expectations of current American policy. "For better or worse," concludes Mendel, "most Japanese have followed General MacArthur's advice to rely on 'the advanced spirituality of the world.' Surely this reliance calls for the most astute kind of Japanese diplomacy and also the sympathetic cooperation of the outside world" (pp. 250–251). Equally important is the degree to which this public opinion will determine foreign policy. But, as Mendel allows and Scalapino and Masumi explain, postwar Cabinets have not been particularly responsive to public opinion polls on foreign affairs.

Domestic issues, particularly the spectacular economic growth, have been the main pillars of the conservative party. Since 1949 the Liberal-Democrats have consistently held close to two-thirds of the popular vote and of the Diet seats. The result, according to Scalapino and Masumi, "is a new problem for democracy: the problem of the perennial minority" (p. 152). Neither party, moreover, has a strong mass base. While polling three-fourths of the rural vote, for example, the conservative party has remained a business bureaucratic-dominated organization. The socialist party is restricted to intellectuals and organized labor, but its organizations exist in just one third of the electoral districts and only thirty per cent of the workers are unionized. Because each party has a dominant interest group orientation, this has pro-

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duced "the almost total lack of communication between the two major parties, the high degree of class warfare existent in Japanese parliamentary politics" (p. 77). This has also made factionalism a salient characteristic of each party, a trait that has severely hampered the growth of the socialist party and has been the primary cause of cabinet instability. Still, under the platform of "prosperity and progress," the conservatives seem unbeatable at the polls. Their hegemony, in fact, has produced a formidable "triple alliance between the bureaucracy, key national interest groups, and the Liberal Democratic Party" (p. 93).

The weakness of the socialists and the huge majority of the conservatives paradoxically caused both parties, during the prelude to the anti-Eisenhower riots, to adopt policies and actions that were at odds with the prevailing articulate public opinion. To Scalapino and Masumi, the riots were symptomatic of the relative absence of a mass base in both parties. Will either or both alter their organizations so as to reflect multiple interest groups and to reduce the oligarchical and factional nature of party leadership? "If not, many dangers lie ahead. Mass participation, as in the case of the May–June incidents, can circumvent parties and parliament, causing them to stand impotent and alone. Such participation can take the form of 'to the streets' on the left and 'via the knife' on the right" (p. 153). That is, the anti-Eisenhower demonstrations symbolize less a crisis in Japanese-American relations than the continuing weakness of the postwar Japanese political system.

JAMES B. CROWLEY

AMHERST COLLEGE

Foreign Aid and the Defense of Southeast Asia. By AMOS A. JORDAN, JR. New York, Frederick A. Praeger, Inc., 1962.—xvi, 272 pp. $6.50.

The contemporary problem of foreign aid may be said to have started in August 1940 with the creation of the Office of Commercial and Cultural Relations between the American Republics. Thus began the program which today is known as the Alliance for Progress. The Marshall Plan, following the General's Harvard speech of June 1947, sparked the postwar effort first in Europe and since 1949–50, globally. Brown and Opie in their indispensable *American Foreign Assistance* (Washington, D. C., 1953, p. 81) estimate that the total amount of net assistance for the years 1940–45 approached $41 billion. Since then, from Fiscal Year 1946 through Fiscal Year 1962, additional United

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States foreign assistance totals more than $92 billion, a not inconsiderable average of $6.5 billion per year since 1940!

Ever since the Marshall Plan was enacted into legislation, foreign aid programs have been generally, but not exclusively, administered by a shifting succession of aid agencies either independent of, or dependent upon the Department of State, and also related to Defense, Agriculture, the Export-Import Bank, and other branches of the Executive. Many words have been uttered by Americans in support of, or as an attack on the objectives, policies, programs, and performances of these aid agencies and their tasks. But except for certain accepted generalities (such as that the Soviet Bloc has the capability to apply military, political, and economic measures challenging and threatening our security, and that the aid program is now, and will remain an essential tool of United States foreign policy), there is little if any American consensus on the aid program.

> One of our first tasks in the 1960's then is to evaluate the lessons of the 1950's. What have we been trying to do, and what, in fact, have we accomplished? What needs to be done better (or is not now being done at all), and how do we go about improving the use of this defense-assistance policy instrument?

This is the concluding paragraph of Colonel Jordan's book "written in the hope that it will contribute toward the needed evaluation." Though his data and examples are drawn from seven "defense-support" countries—Cambodia, Laos, Pakistan, the Philippines, Taiwan, Thailand, and South Viet Nam (unaccountably here called Southeast Asia)—and though the focus of this study is the interacting roles of aid policy and aid performance in the recipient country, Professor Jordan's analysis and evaluation apply to the total United States aid policy and program.

Foreign Aid and the Defense of Southeast Asia is divided into nine chapters. The opening one clarifies the terms of the study. Defense assistance is held to embrace "military" and "stability" assistance, excluding, primarily, loans for development and pure technical assistance. The author's categories are sufficiently large and distinctive to contain approximately eighty-five per cent of all aid to the countries named above. Chapters two through six are devoted to an examination of military and stability assistance in order to discover what detailed objectives they purport to meet, how they do so, and their overlapping and interacting characteristics. Chapters seven and eight analyze the relationship, hindering and helpful, between defense assistance and economic development. The concluding chapter applies the implications

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of the foregoing to future United States policy in terms of objectives, means, administration, and limits of aid.

The inescapable conclusion which one draws from this work is the need to recognize that the aid program is a multi-faceted "tool," the items of which need constant military and economic meshing in the light of political estimates. Political estimates of present and future situations are always fragile. However much we in the United States may be loathe to accept the consequence of our global position, such estimates in any given aid situation require not only our participation but also that of the recipient country or region. Without our aid some countries may succumb to the enemy; without "them" we cannot in their lands begin to counter the threat. As Professor Jordan has put it: "Magsaysay demonstrated in the Philippines [that] the suppression of Communist-led and inspired dissidents rests not only on *all-out* force but also on *all-out* friendship" (p. 139). Jordan wished this to apply to South Vietnam; I suggest it applies to the whole problem of grantor-recipient aid relations, a subject upon which much light is thrown by this book.

FRANK N. TRAGER

NEW YORK UNIVERSITY

Local Government in China Under the Ch'ing. By T'UNG-TSU CH'Ü. Cambridge, Mass., Harvard University Press, 1962. —xiv, 360, 1, pp. $9.50.

Under the Ch'ing, or Manchu, dynasty (1644-1912), the last of China's imperial houses, the eighteen (later twenty-two) provinces of the Chinese empire were subdivided into some 1200 to 1300 basic administrative units named *hsien,* or districts. Each of these units was placed under the jurisdiction of a government official known as a district magistrate. Although as individuals they ranked low in the bureaucratic hierarchy, collectively the district magistrates performed most of the routine tasks of government throughout the country, and thus played a role of primary importance in the administration of the vast Chinese empire.

In the volume under review, Ch'ü T'ung-tsu, Research Fellow and lecturer at Harvard University, has undertaken to describe the administration of the district and the functions of the magistrate. In so doing he has provided the first book-length study of local administration in China, as distinct from the central or provincial governments. In successive chapters he has discussed the activities of the magistrate and of the four classes of his subordinates—clerks, government runners, personal servants, and private secretaries, the various aspects of local government, the most

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important of which were the administration of justice and the collection of taxes, and, finally, the relationship between the formal authority of the district magistrate and the "informal power" of the local elite, or gentry.

Under the regulations governing the functions of the Ch'ing bureaucracy, the magistrate was confronted with a number of difficulties that impeded the effective administration of his district. He was not permitted to serve in a district within his native province; nor was his term of office in any one district usually allowed to exceed three years. Being thus a total stranger to the district under his jurisdiction, and often possessing no previous administrative experience, he was obliged to rely upon the services of local personnel attached to his office—the notoriously venal *yamen* clerks and runners, whose familiarity with local conditions and office routine afforded them opportunities for all kinds of corruption. Moreover, the magistrate received only a token salary from the central government and was provided with no financial allowances to cover the expenses of his administration and the wages of his staff. The author's analysis of these and other problems and his discussion of the various means by which the magistrate sought to obviate them, provide one of the most valuable features of this study. Of particular interest is his description of the ubiquitous system of "customary fees" (*loukuei*), by which the wretchedly underpaid magistrate and his aides were able to maintain themselves financially through unofficial exactions from the common people. Another noteworthy point brought out by the author is the significant part played by the private secretaries, whose legal expertise and knowledge of administrative procedure were indispensable to the magistrate in carrying out the routine functions of his office.

In surveying the operations of local administration in imperial China, the author has drawn upon an impressive body of source materials. To describe the manifold responsibilities placed upon the shoulders of the magistrates, he has made use of the vast compendia of Ch'ing legal codes, administrative regulations, official handbooks, and directories. To demonstrate how the local governments functioned in practice, he has provided a wealth of illustrative detail taken from personal memoirs, correspondence, and other writings by men who had actually seen service in the local administration. In addition to these primary sources, the author's bibliography includes a large number of monographic studies in Japanese and English as well as in Chinese. Documentation is careful, extremely informative, and voluminous, comprising well over a third of the entire volume. Enhancing its value as a research and reference aid is an index and a separate

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glossary of Chinese administrative terms used in the text and the notes.

Although the presentation, especially in the early chapters, tends to bog down in overabundant detail, the work as a whole makes a very substantial contribution to our knowledge of a heretofore little-explored sector of China's political institutions.

RICHARD C. HOWARD

COLUMBIA UNIVERSITY

The Role of the Military in Underdeveloped Countries. Edited by JOHN J. JOHNSON. Princeton, Princeton University Press, 1962.—viii, 427 pp. $8.50.

Virtually all of the "underdeveloped" countries of the contemporary world started their careers as independent nations with the formal political structure of Western democratic states. However, most of them have in practice developed systems of government which have varied more or less widely from this original model.

One of the most prevalent changes has been the rise of the armed forces to a key political role. In large segments of the world today the military play a major part in making and unmaking governments, whatever the constitutions may say about the matter. The present volume is an attempt to probe this problem, to establish some of the reasons which have made the military such a potent political factor.

In the nature of the case, such a relatively small book can only be cursory and suggestive. It certainly cannot give definitive answers to the question of why the military have become so important in the politics of the underdeveloped countries. Some readers, indeed, may feel that it raises more questions than it answers. However, the essays in this volume constitute a very thought-provoking series of comparative studies of the problem in Asia, Africa, and Latin America.

Quite logically, special attention is centered on the phenomenon of militarism in Latin America. It is of longest duration in that part of the world, and the modifications of military participation in politics there might well shed light on the reasons for its emergence in other areas. Edwin Lieuwen and Victor Alba, who have both written lengthier studies of the subject, contribute to this section of the book, as does the editor, John J. Johnson, whose full-volume study of Latin American military politics has been long rumored and awaited among students of Latin American affairs.

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Other chapters include discussions of: the political role of the Indonesian military, by Guy J. Pauker; the political role of the Burmese armed forces, by Lucian W. Pye; the militarism of Thailand, by David A. Wilson; militarism in the Middle Eastern countries, by Manfred Halpern; the role of the armed forces in Israel, by Ben Halpern and the role of the same group in Black Africa, by James S. Coleman and Belmont Brice Jr. These case studies are all preceded by two general essays on the role of the military in underdeveloped areas by Edward Shils and Lucian W. Pye.

The origins of militarism have obviously been quite different in the various parts of the world discussed in this volume. In Latin America the army's participation in politics arose from protracted wars of independence, from the conflict between the political aspirations of the leaders of the independence movement and the harsh economic and social realities of these countries a century or more ago. In this rather long span of history the nature of the military incursion into political life has tended to vary, according to these writers. Considerable emphasis is laid on the "professionalization" of the armed forces, which, it is felt, is likely to lead to a mitigation of militarism. At the same time, the essayists recognize a shift in the role of at least some of the Latin American military men from being protectors of the status quo to being sponsors of social and economic change. Perhaps the authors are a bit too optimistic about the approaching end of militarism in the area.

In Burma and Indonesia, too, militarism is interpreted as arising at least in part from the difficulties in applying the concepts of the modern Western democratic state to the non-modern and non-Western social and economic structures of these countries. One gathers, likewise, that Messrs. Coleman and Brice rather expect that the same factors will in many cases bring the new armies of Black Africa into political life as well.

On the other hand, the function of the militarism of the Middle East, and to a lesser degree that of Thailand, is pictured as being essentially revolutionary. In the Middle Eastern countries, the armed forces come as near as they do anywhere to being the clear spokesmen for the middle class forces favoring social and economic change. Although their future in this role is pictured as being cloudy, this would seem to be the fundamental reason offered for the rise of most of the military regimes of the area between the Mediterranean Sea and the Indian border.

The one freak case in the volume is that of Israel. Although it, too, is an "underdeveloped" country, and certainly has had its

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share of the kind of internal and international crises which have provoked military intervention in the other areas discussed, Israel has not been the scene of the rise of a militarist regime to power. Perhaps this phenomenon underscores the fact that "underdevelopment" is to a considerable degree a state of mind. Whatever the economic and social environment in which they were placed, the founders of the Israeli state were essentially Europeans and sharers in the anti-militarist convictions which are at least a part of the modern European tradition.

ROBERT J. ALEXANDER
RUTGERS, THE STATE UNIVERSITY

East Central Europe and the World: Developments in the Post-Stalin Era. Edited by STEPHEN D. KERTESZ. Notre Dame, University of Notre Dame Press, 1962.—x, 386 pp. $6.50.

The Soviet Bloc: Unity and Conflict. By ZBIGNIEW K. BRZEZINSKI. New York, Frederick A. Praeger, Inc., rev. ed., 1961.—xxii, 543 pp. $2.75 paperback.

Surveying economic developments in East Central Europe for the post-Stalin era Jan Wszelaki, in the Kertesz volume, remarks "that while it is relatively easy to collect statistical figures pertaining to an individual country's production, trade, and so on, a diligent researcher finds it very difficult and sometimes impossible to approximate such data for the entire area under review" (p. 230). He might well have broadened his statement and stated that it would be difficult to find books dealing with East Central Europe, the Soviet Bloc, or the Balkans which consider the same countries. This is perhaps a more irritating than serious handicap to a person looking for information, but it nevertheless affects the generalizations and conclusions that emerge from any particular study. Thus Brzezinski concentrates on Poland, Czechoslovakia, Rumania, Hungary, Bulgaria, and East Germany, with some mention of Albania; the Kertesz volume adds chapters on Finland, the Baltic States, and Austria. Both have chapters on China and its relation to East Central Europe, the chapter on China being one of the major additions to Brzezinski's volume, the first edition of which was published by the Harvard Press in 1960. In each volume Soviet policy is a unifying theme, the Brzezinski volume stressing the developing communist ideology since 1945, the Kertesz volume, the events and developments in each country since 1956.

Kertesz's volume is, in a way, a continuation of an earlier volume which he edited: *The Fate of East Central Europe* (1956).

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Again he contributes an introductory chapter and a chapter on Hungary, and again Oscar Halecki writes on Poland, Karl C. Thalheim on East Germany, Ivo Duchacek on Czechoslovakia, Stavro Skendi on Albania (an outstanding contribution), John Wuorinen on Finland, R. John Rath on Austria, and Robert F. Byrnes on Western policy. To these earlier contributors have been added Karlis Kalnins on the Baltic States, Stephen Fischer-Galati on Rumania, L. A. D. Dellin on Bulgaria, Milorad Drachkovitch on Yugoslavia, and Joseph L. Sutton on China. All of these men have written competent surveys, but there is great variation in what they cover. Some give rather long introductions on the years before 1956, others do not; some discuss economic affairs, others apparently have left this subject to Wszelaki's chapter on economic developments; some touch on church and education, while others pass this subject by; some discuss relations with the United States, others leave this to Byrnes' section. Several lament that the United States did nothing in 1956 at the time of the Hungarian uprising, none of them indicates what an effective United States policy could have been. Byrnes finds Western policy towards East Central Europe since 1956 "drab and dull and unimaginative" (p. 365) in comparison to Soviet policy, but the suggestions he makes for the future seem rather general and not exactly dynamic.

It is good to have Brzezinski's informative and interpretive volume in paperback. Readers will not find it easy going even though he has a great deal to say. The volume is packed with information, some of which does not always make for exciting reading. For example, an enumeration and discussion of the bilateral treaties which have been negotiated within the Soviet bloc and which are not particularly important is not soul stirring, but it is, nevertheless, a satisfaction to know where one can turn to find this information. And the author does build his conclusions on definite information of this kind. He divides his book into four phases: (1) the period 1945–1947 which covers the People's Democracies with their institutional and ideological diversity; (2) the years of Stalinism with institutional and ideological uniformity, 1947–1953; (3) the years of the thaw, 1953–1956, another period of institutional and ideological diversity; and (4) the period of 1957–1959, characterized by the struggle to create a Communist "Commonwealth" with institutional diversity and ideological uniformity. In line with the author's emphasis on ideology, the role of Yugoslavia and Khrushchev's attempts to bring that country completely back into the fold, deservedly receive much attention. The added chapter for this revised edition

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on "The Import of the Sino-Soviet Dispute" and the reprinting in an appendix of the author's article on "The Organization of the Communist Camp" (*World Politics,* XIII, January 1961) do much to bring the account up to date. There are ample footnotes and an excellent bibliography.

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British Guiana. By RAYMOND T. SMITH. London and New York, Oxford University Press, 1962.—viii, 218 pp. $4.00.

This account of British Guiana is the best that has been published. The author, a British professional sociologist, spent twenty-eight months in British Guiana between 1951 and 1958 engaged in research. He has already written on family life there. This book in two hundred pages covers all aspects of the country: natural resources, history, economy, social structure, social services, and politics.

The brevity of the book and the variety of subjects covered could have easily resulted in a merely descriptive approach to the material. But this has not been the case. The author continually analyzes, isolates the main problems of the country, contradicts interpretations held by others, and brings forth his own suggestions for improvement. One feels that the author's great knowledge of and familiarity with British Guiana has enabled him to synthesize his material extremely well. His writing is a great deal more perceptive than the reports of the many British commissions that have visited the country. And most important perhaps, he is very fair when evaluating emotionally charged subjects such as economic dominance within the country, British colonialism, and the leadership of Dr. Cheddi Jagan.

The author in his historical chapters traces the development of the large sugar plantations along the coast, the importation of Negro slaves and East Indian indentured labor, the emergence of small rice farms, the great economic influence of the private British firm of Booker Brothers, and the rise of the postwar nationalistic movement led by Dr. Cheddi Jagan. The historical chapters add little that was not known before.

The chapter on social structure, however, is a distinct contribution to scholarship. The author challenges the prevailing viewpoint that the Negroes and East Indians have not assimilated well, and he convincingly illustrates how they have harmoniously worked together in many aspects of life. He believes that a national culture has been already in the process of formation, and will continue if there is economic opportunity and political sta-

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bility. Economic stagnation and politics on racial lines, however, could reverse the process by leading to fissures in the society.

Professor Smith describes the attitude of the people toward economic development as one of despondency. The reasons for these feelings are brought out in a good analysis of the economic potential of the country. Even better is the chapter on politics. The author describes the growth of Dr. Cheddi Jagan's party, the causes of the 1953 crises and the increasing trend in politics toward racial divisions. His analysis of the 1953 crisis—that a misunderstanding on both sides and not Communism was the real issue—is accurate and perceptive. British intervention did not abate Dr. Jagan's extreme nationalism, and, even worse, it indirectly caused a split between the East Indians and the Negroes in the party. This is the real tragedy of British Guiana politics.

The author has a good bibliography, and a large folding map of British Guiana is included at the end of the book.

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BOOK NOTES

Information U.S.S.R. (Oxford, London, New York, Paris, Pergamon Press, 1962; xii, 982 pp., $30.00), edited by Robert Maxwell is a very long, very heavy, and very expensive tome. It is a translation of Volume 50 of the *Large Soviet Encyclopedia* (763 pp.) supplemented by five appendices: *The U.S.S.R. in Figures, 1960,* translation of a Soviet collection of statistics (91 pp.); list of addresses of Soviet higher schools and of the courses they offer (14 pp.); a selected bibliography (8 pp.); a list of Soviet foreign trade corporations (6 pp.); and a summary of the new program of the Communist Party, a list of higher Soviet officials, and brief formal biographies of eleven of them (10 pp.). An index of names and a subject index fill another 84 pp. The title of the *Bolshaia Soviet Encyclopedia* is translated as *Great* and not as *Large Soviet Encyclopedia* which is the accepted and less misleading English equivalent. The date of the publication of volume 50 from which the translation is made is not given but it was presumably the edition of 1957 to which was added a sprinkling of more recent facts and figures. *Information U.S.S.R.,* contrary to what its title might suggest, is thus an unadulterated Soviet product. In a curious, highly emotional preface the editor states that "it is impossible to estimate what the Russians are going to do in the future unless we know their past, their aspirations, and their claims. . . . Ignorance is the worst enemy of peace. In presenting in a handy format, essential basic information about the U.S.S.R. I hope to have contributed to peace and mutual cooperation." He extols the virtue of "objective information" and believes that "the alternative is nothing less disastrous than the devastation, within a matter of five years, of Russia, Europe and the U.S.A." These assertions are surprising in view of Mr. Maxwell's awareness that the *Encyclopedia* articles on western countries "are notoriously tendentious and inaccurate." He has oddly overlooked the fact that this characterization applies as well to articles on Russia. For instance: "The victory of the Great October Revolution . . . laid the basis of a new era in the artistic development of mankind" (p. 588). Is the dissemination, in turgid, unidiomatic, and graceless English, of Soviet propaganda a contribution to the cause of peace? The editor of *Information U.S.S.R.* is described on the front page as "Robert Maxwell, Oxford." A reader who would draw from this statement the inference that Mr. Maxwell is connected with Ox-

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ford University would be in error. A dramatic biographical sketch of the editor, which appears on the blurb but nowhere in the volume itself, says that Mr. Maxwell was born in Czechoslovakia and is self-educated: he "lives in Oxford, is married, and has eight children." It is to be regretted that the ambitious series "Countries of the World," of which *Information U.S.S.R.* is the first volume, should have such an inauspicious beginning.—MICHAEL T. FLORINSKY, Columbia University.

Once again Mrs. Vera Lutz, sometime employee of the Bank of Italy and currently in the research department of the Banca Nazionale del Lavoro, has presented conclusive evidence that she is one of the best informed writers in English about current economic problems in Italy. In *Italy: A Study in Economic Development* (London and New York, Oxford University Press, 1962; xx, 342 pp., $7.20), she has devoted especial attention, as the title indicates, to economic development since World War II and within this context to the economic problem of the *Mezzogiorno* and to what the economic backwardness of the South has meant in creating a "dualism" within the Italian economy. In her discussion of the Southern problem she has reiterated her well-known criticism of governmental policies to industrialize the lower third of the peninsula and has proposed once more a migration of population from South to North to redress the population-agricultural ratio of the former region. In the light of the great out-migration from the South in the last seventy-five years the efficacy of her suggestions may be seriously questioned.

The rest of the book deals with a variety of questions in a formidable display of erudition, but with less regard for the determination of policy. For the most part, however, her discourse is couched in such technical economic terms that the lay reader will find, as Muriel Grindrod says in her introduction, the going very heavy.—SHEPARD B. CLOUGH, Columbia University.

In his *The Navy League of the United States* (Detroit, Wayne State University Press, 1962; xi, 271 pp. $7.50), Armin Rappaport reviews the first fifty years of that organization's activities and concludes that a sharp revision is necessary "of the belief so generally held that the League was a wealthy, influential, powerful, and sinister society, financed by munitions makers and shipbuilders who determined policy, and that it manipulated the Congressional puppet strings and bent multitudes of Americans to its will." From its beginnings in 1902 the League sought to function like what Pendleton Herring has termed the "new

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lobby," eschewing direct solicitation of legislators and concentrating instead on propaganda and public relations calculated to develop grass-roots public opinion favorable to a large Navy. No doubt it played a significant role during the lean budgetary years of the twenties and early thirties by conducting the equivalent of institutional advertising for the naval service at a time when the military departments had not yet developed their own public relations organs whose budgets and staffs would dwarf those of the Navy League. The League was also useful occasionally in revealing to the public positions favored by the Navy professionals but opposed by the civilian secretary or the president. Yet the author is probably correct when he denies that the Navy League was the predominant influence in the passage of even a single specific piece of legislation in the Navy's interests; for when international crises and imminent danger created a climate of public and governmental opinion favorable to preparedness and a large Navy, the League's activities were superfluous, and when political events did not so cooperate, the League's efforts (for the most part ill-financed) were ineffectual. My only criticisms of this useful book are that the author appears at times to accept too readily the interpretation of events found in the headquarters records of the League and that he has not sought to relate his findings to the extensive existing literature on political interest groups (something a historian was perhaps under no obligation to do).—DEMETRIOS CARALEY, Barnard College.

Klaus Mehnert, a well-known German authority on Soviet Russia and editor of the influential *Osteuropa* (the West German equivalent of *Problems of Communism* and *Survey*) has drawn a vivid but sober picture of Soviet society in his *Soviet Man And His World* (New York, Frederick A. Praeger, 1962; vii, 310 pp. $5.95). Comprehensive in coverage, without being as fact-crammed as John Gunther's *Inside Russia Today,* Mehnert's study is highly personal in tone, an aspect which greatly enhances its value. The author, who was born in Moscow and speaks Russian without accent, has based his account on experiences dating back to the 1920's derived from his many years of living and traveling in the Soviet Union, as well as on his close reading of Soviet sources. He is particularly adept in supporting many of his observations with pointed illustrations from Soviet novels and plays. Few aspects of Soviet life escape him. Especially worthwhile are his tersely written chapters on family life, status and status seeking, education, legal reforms, and the *kollektiv.* Mehnert's concern throughout is to assess the impact of Com-

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munist rule on the traditional Russian character. He concludes that although basic values of the ruling elite have been accepted, the Party's further efforts at social engineering aimed at molding a "New Soviet Man" who is an enthusiastic and regimented supporter of the regime's objectives, have been less successful.—HENRY W. MORTON, Queens College.

Among the many guides to Keynes' thought David McCord Wright's *The Keynesian System* (New York, Fordham University Press, 1962; vii, 90 pp., $3.00), is distinguished for its clarity, its combination of summary and speculation, and, not least, its brevity. Professor Wright, a sympathetic, conservative critic of Keynes, provides in the first three of the Millar Lectures on which this volume is based a sharply focused description of such central Keynesian concepts as the marginal efficiency of capital, the multiplier, the marginal propensity to consume, and liquidity preference. He is at some pains to emphasize the highly static framework within which Keynes constructed his system as well as the political neutrality of the resulting structure. The next two chapters broaden Keynes' model by taking explicit account within developed countries of the cost and price problems which Keynes tended to neglect and examining for the remainder of the world the connections between Keynesian doctrine and economic development. On Professor Wright's scorecard Keynes' triumph consists in the fact that "*all* competent economists" use his framework. His deficiencies are several: the theory depends on the existence of wage and price rigidities; it is of much less interest and application to poor countries than to rich countries; it is a static set of concepts in a dynamic universe; and it is an obscure guide to social policy. On the last point, it is interesting to quote Professor Wright's surmise that "Keynes would have tried to balance stability versus pressure groups about where the Eisenhower administration did—except that Keynes would probably have tried to be more conservative."—ROBERT LEKACHMAN, Barnard College.

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